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LEGISLATIVE HISTORY

Public Law 711--77th Congress

Chapter 560--2d Session

H. R. 6682

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DIGEST OF PUBLIC LAW 711

PROCESSING TAX ON COCONUT OIL. Suspends, until June 30, 1944, the two-cent processing tax on non-Philippine coconut oil, unless adequate supplies again become obtainable from the Philippines.

INDEX AND SUMMARY OF HISTORY ON P. R. 6682

February 26, 1942	H. R. 6682 was introduced by Rep. Doughton and was referred to the House Committee on Ways and Means. Print of the bill as introduced.
February 27, 1942	House Committee reported H. R. 6682 without amendment. House Report 1834. Print of the bill as reported.
March 27, 1942	House discussed H. R. 6682.
June 1, 1942	House debated and passed H. R. 6682 without amendment.
June 4, 1942	H. R. 6682 was referred to the Senate Committee on Finance. Print of the bill as referred.
June 25, 1942	Hearings: Senate, H. R. 6682.
August 17, 1942	Senate Committee reported H. R. 6682 with an amendment.
August 27, 1942	H. R. 6682 was discussed and passed Senate as reported.
September 9, 1942	House concurred in the Senate amendment.
September 16, 1942	Approved. Public Law 711.

H. R. 6682

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 26, 1942

Mr. DOUGHTON introduced the following bill: which was referred to the Committee on Ways and Means

A BILL

To suspend in part the processing tax on coconut oil.

- 1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 2470 (a) (2) of the Internal Revenue Code is
4 hereby suspended: *Provided*, That if the President, after re-
5 ceipt by him of a request from the Government of the Com-
6 monwealth of the Philippine Islands that the suspension of
7 section 2470 (a) (2) be terminated, shall find that ade-
8 quate supplies of copra, coconut oil, or both, the product
9 of the Philippine Islands, are readily available for proces-
10 sing in the United States, he shall so proclaim; and thirty
11 days after such proclamation, the suspension of section 2470
12 (a) (2) of the Internal Revenue Code, shall terminate.
- 13 SEC. 2. This Act shall become effective the day following
14 its enactment.

A BILL

To suspend in part the processing tax on
coconut oil.

By Mr. DOUGLTON

FEBRUARY 26, 1942

Referred to the Committee on Ways and Means

SUSPENDING IN PART THE PROCESSING TAX ON COCONUT OIL

FEBRUARY 27, 1942.—Committed to the Committee of the Whole House on the
state of the Union and ordered to be printed

Mr. DOUGHTON, from the Committee on Ways and Means, submitted
the following

REPORT

[To accompany H. R. 6682]

The Committee on Ways and Means, to whom was referred the bill to suspend the effectiveness of the excise tax imposed upon the processing of non-Philippine coconut oil by section 2470 (a) (2) of the Internal Revenue Code until adequate supplies of Philippine copra and coconut oil are available for processing in the United States, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

GENERAL STATEMENT

The purpose of the legislation is to make it possible to obtain supplies of copra and coconut oil from outside the United States for the purpose of obtaining therefrom materials essential to the national defense.

In 1934 there was enacted a provision, now section 2470 (a) (2), of the Internal Revenue Code, which imposes on the first domestic processing of coconut oil a tax of 2 cents per pound. Coconut oil obtained from copra produced in the Philippine Islands is exempt from this 2-cent tax. The purpose of the law was to give the Philippine Islands a virtual monopoly of the United States market for copra and coconut oil. The law did have this effect.

At the present time, the tax does not benefit the Philippines, for no copra or coconut oil can be brought thence to the United States. More significant is the fact that the existence of the 2-cent tax constitutes a serious obstacle to the purchase, for importation into the United States, of copra and coconut oil produced outside the Philippine Islands, to make up for the loss of the Philippine supply.

In the interest of preventing price inflation, the Office of Price Administration has placed a price ceiling on coconut oil. The combined effect of the 2-cent tax and the price ceiling is to curtail the supply of a commodity necessary in the effective conduct of the war. When the 2-cent processing tax (which amounts to about \$28 per long ton of copra) is added to the price which prevails in markets outside the United States and other cost elements, such as shipping charges, it becomes impossible for domestic copra crushers to sell without a loss at the ceiling price.

The resulting restriction on the importation of copra is limiting the supply of glycerin, of which there is now a shortage. Copra has the highest percentage yield of vegetable oil of any raw material except babassu kernels grown in Brazil, and an important byproduct of the oil is glycerin. Copra and babassu yield from 30 to 40 percent more glycerin per unit than any other vegetable-oil material.

Glycerin, which is obtained from coconut oil, is an ingredient of the coating used on all motive equipment of the United States Army. Much of the glycerin used in British military and naval explosives is obtained from the United States. In the United States glycerin has important industrial uses. It is used in explosives in connection with mining operations, in pharmaceuticals, and in other ways. The importance of copra and coconut oil to the war effort and the domestic economy and the necessity for stimulating imports of copra and coconut oil are thus apparent.

Further, the inability to import adequate quantities of copra tends to restrict the supply of feed in the form of copra-oil cake used in the production of dairy products which are urgently needed by our allies. Because of the unavailability of copra, many of the crushing mills in this country have been forced to close down. Oil cake, the byproduct of the crushing of copra, is an important cattle feed, and dairy interests in certain sections of the country, for example, California, are suffering because of the shortage of oil cake.

The normal consumption of copra in the United States is about 600,000 tons a year. With the Philippine and Malayan sources of supply entirely cut off, and possibilities of obtaining copra from the Dutch East Indies greatly reduced, it has been estimated that the remaining available world supply of copra is but 221,000 tons a year. Expansion of the zone of military operations and competition from other countries in need of vegetable oils are factors which may further limit the supply available for importation into the United States. Steps are being taken to direct whatever copra and coconut oil may be obtained for domestic processing into glycerin-yielding uses. Alleviation of the glycerin shortage in this manner is dependent upon the passage of this bill.

Representatives of the War Production Board, the Board of Economic Warfare, the Office of Price Administration, and the Departments of Commerce and Treasury have expressed themselves before this committee in favor of the enactment of this bill.

Your committee believe that the enactment of this bill will materially aid in the furtherance of the defense program.

CHANGES IN EXISTING LAW

In compliance with paragraph 2 (a) of rule XIII of the rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be suspended is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

SEC. 2470. TAX.

(a) RATE.—

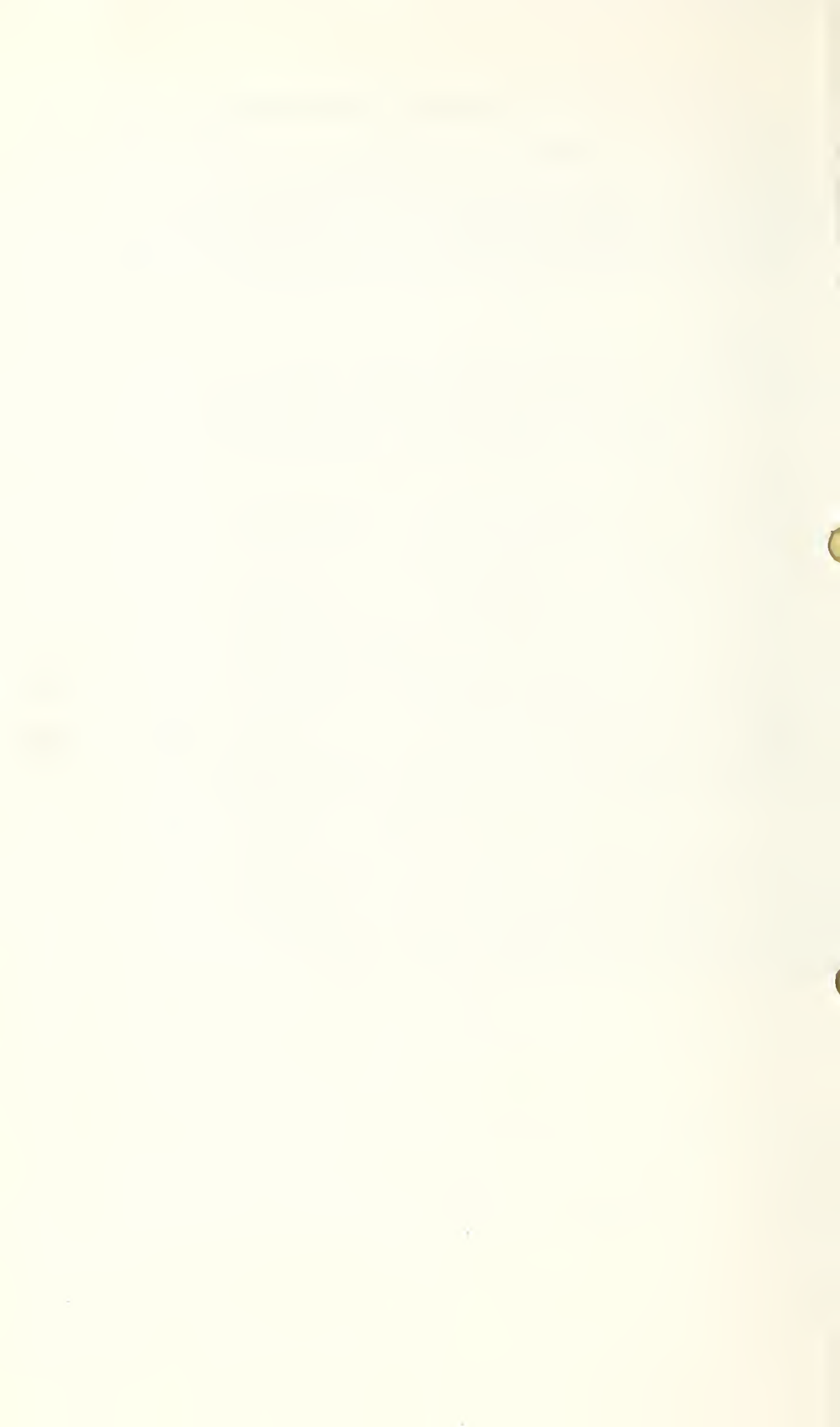
(1) IN GENERAL.—There shall be imposed upon the first domestic processing of coconut oil, palm oil, palm-kernel oil, fatty acids derived from any of the foregoing oils, salts of any of the foregoing (whether or not such oils, fatty acids, or salts have been refined, sulphonated, sulphated, hydrogenated, or otherwise processed), or any combination or mixture containing a substantial quantity of any one or more of such oils, fatty acids, or salts, a tax of 3 cents per pound to be paid by the processor.

【(2) ADDITIONAL RATE ON COCONUT OIL.—There shall be imposed (in addition to the tax imposed by the preceding paragraph) a tax of 2 cents per pound, to be paid by the processor, upon the first domestic processing of coconut oil or of any combination or mixture containing a substantial quantity of coconut oil with respect to which oil there has been no previous first domestic processing, except that the tax imposed by this sentence shall not apply when it is established, in accordance with regulations prescribed by the Commissioner with the approval of the Secretary, that such coconut oil (whether or not contained in such a combination or mixture), (A) is wholly the production of the Philippine Islands or any other possession of the United States, or (B) was produced wholly from materials the growth or production of the Philippine Islands or any other possession of the United States, or (C) was brought into the United States on or before June 9, 1934, or produced from materials brought into the United States on or before June 9, 1934, or (D) was purchased under a bona fide contract entered into prior to April 26, 1934, or produced from materials purchased under a bona fide contract entered into prior to April 26, 1934.】

(b) EXEMPTION.—The tax under subsection (a) shall not apply (1) with respect to any fatty acid or salt resulting from a previous first domestic processing taxed under this section or upon which an import tax has been paid under chapter 22, or (2) with respect to any combination or mixture by reason of its containing an oil, fatty acid, or salt with respect to which there has been a previous first domestic processing or upon which an import tax has been paid under chapter 22.

(c) IMPORTATIONS PRIOR TO AUGUST 21, 1936.—Notwithstanding the provisions of subsections (a) and (b) of this section, the first domestic processing of sunflower oil or sesame oil (or any combination or mixture containing a substantial quantity of sunflower oil or sesame oil), if such oil or such combination or mixture or such oil contained therein was imported prior to August 21, 1936, shall be taxed in accordance with the provisions of section 602½ of the Revenue Act of 1934, 48 Stat. 763, in force on June 22, 1936.





Union Calendar No. 651

77TH CONGRESS
2D SESSION

H. R. 6682

[Report No. 1834]

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 26, 1942

Mr. DOUGHTON introduced the following bill; which was referred to the Committee on Ways and Means

FEBRUARY 27, 1942

Committed to the Committee of the Whole House on the state of the Union
and ordered to be printed

A BILL

To suspend in part the processing tax on coconut oil.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 2470 (a) (2) of the Internal Revenue Code is
4 hereby suspended: *Provided*, That if the President, after re-
5 ceipt by him of a request from the Government of the Com-
6 monwealth of the Philippine Islands that the suspension of
7 section 2470 (a) (2) be terminated, shall find that ade-
8 quate supplies of copra, coconut oil, or both, the product
9 of the Philippine Islands, are readily available for process-
10 ing in the United States, he shall so proclaim; and thirty

1 days after such proclamation, the suspension of section 2470
 2 (a) (2) of the Internal Revenue Code, shall terminate.

3 SEC. 2. This Act shall become effective the day following
 4 its enactment.

A BILL

To suspend in part the processing tax on
 coconut oil.

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structed for \$21,000,000. We may fully rely upon the wisdom and judgment of the Army engineers in the details of plans and construction of the canal. They are best informed, and in all projects which have been carried out by the Congress their judgment has been relied upon and abided by, and I believe in every instance their conclusions have been wise and superior.

They may be trusted to carry out the project with the minimum cost and with the best results. The Army engineers have, of course, strongly approved the bill before us and the Chief of the Army Engineers, Maj. Gen. Eugene Reybold, in our committee hearings recently strongly emphasized the approval of his department for this bill and his recommendation that the pipe line and barge canal across north Florida be constructed now. His recommendation was affirmative, strong, and definite for immediate construction of both, and emphasized that construction of both are in the interest of, and needed by, the war effort immediately.

It is appropriate, I believe, to remind my colleagues that some 4 years ago at hearings of the House Rivers and Harbors Committee on a bill which I introduced for the construction of a canal across north Florida, the testimony of the now Brig. Gen. Brehon B. Somervell, then of the Army Engineers Corp. and Gen. Charles P. Summerall, formerly Chief of Staff, United States Army, these distinguished and capable military strategists pointed out at our hearings the imminent essentialness for the war defense and security of our country of the construction of this canal. They indicated the hazards to Gulf and Atlantic coastal shipping which could be anticipated in the next war (this war). They indicated the necessity of a ring of bases of defense for the protection of the Florida Straits, the water between Cuba and South America, the Gulf of Mexico and its coast, and the Panama Canal. These defense establishments, as outlined by them, have by the Congress each been provided for except the Canal across north Florida and today that item is now before you in H. R. 6999. They said that for military and defense reasons that this project was worthy of construction. They said this link in our intracoastal canal system was imperative and in all justice for our security should then be constructed. They pointed out that raw materials and food essentials to our Nation's war weapon construction effort was in Texas, the Rocky Mountains, the Pacific coast, and the Mississippi, and that the factories to process these materials were primarily on the eastern seaboard of our country.

They then indicated the impossibility now of our existing common carriers to take care of the strain and increased transportation volume. I would ask my colleagues to bear in mind the peril which would face our country should the Panama Canal be put out of use. Even if this should occur, if we have our coastal canal system from the upper eastern Atlantic States on across Florida to the Rio Grande, we can from the mouth of the

Rio Grande to California transfer cargoes by rail more expeditiously than we can transfer all of these cargoes from the Pacific to the Atlantic coast by rail. You would have a comparatively short haul from the mouth of the Rio Grande to California and this barge canal to take to and receive from the mouth of the Rio Grande our cargoes bound from the west to the east coast. Everyone of you should enthusiastically support the bill before us for this, if for no other reason. In my first campaign for election to Congress more than 18 years ago, I promised the people of Florida to work for a canal across north Florida connecting up this intracoastal system; I have introduced survey bills, preliminary and physical, and have introduced all bills looking toward realization of this project except, of course, the bill before us, which should have, and was, introduced by our chairman, as it embraces portions of the coastal system all the way from the Rio Grande to the St. Johns River, Jacksonville, Fla. Today, I am about to realize, I hope, the success of this 18 years of constant effort for an improvement which will be of tremendous peacetime economic value, and which at the moment is an absolute war essential. I fully appreciate the comprehensive and patriotic feeling existing today in the minds of my colleagues which makes so apparent the prompt passage now of this legislation. You will find that in the long run it will bring even more benefits, security, and protection to the American people than we who have visioned and pictured it have claimed.

I am thinking today of the almost daily occurring submarine tragedies on our Atlantic—particularly the lower Atlantic and Gulf areas. The blood of many hundreds of Americans has been spilled in this area by ruthless and savage attacks by enemy submarines. Millions of dollars' worth of cargoes—primarily oil—have been destroyed. Thousands of you who are inclined not to support this bill will bear in mind that these lives of our American people and these war-essential cargoes destroyed are worth far more in the protection of our great Nation than are financial investments. Should America lose, what will these financial investments be worth? This project is vitally essential to the security of Americans and their homes. America will not lose this war because you and I and all Americans are united to any and all concessions and sacrifices for the winning of this war. The strong sentiment so manifested on the floor of this House today for this essential war project indicates best the determination of the American people to win this war. Conflicting individual opinions and views are submerged in the patriotic zeal and impulse to win and sacrifice. I trust that there will be a tremendous majority vote upon the passage of this essential legislation.

I must say that I regret to see the Republican members of the committee yielding speaking time only to those opposed to the bill. I deplore that you would make party politics out of a war measure. This especially when you know this bill is a war measure and essential to the successful prosecution of the war.

Mr. CARTER. Mr. Speaker, I call the attention of the House to the fact that this bill was never submitted to the Bureau of the Budget, that it does not have the approval of the War Production Board, that it is brought in here with undue haste under a motion to suspend the rules, that a rule has been granted for its consideration by the Committee on Rules, and that the chairman of the Committee on Rivers and Harbors stated to the Rules Committee that it was rather an intricate proposition and that there should be at least 3 hours of general debate upon the proposal.

Mr. DIRKSEN. Mr. Speaker, will the gentleman yield?

Mr. CARTER. Yes.

Mr. DIRKSEN. Just to make it clear that the Intercoastal Canal proposed to be established under the \$45,000,000 appropriation, including the pipe line, would use the canal in its present state, and not at a 12-foot depth.

Mr. MANSFIELD. Yes.

Mr. DIRKSEN. I think it should be cleared up on that point.

Mr. CARTER. Mr. Speaker, I now yield to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Speaker, all of the testimony seems to be against the canal and all in favor of the pipe line, so far as the official testimony goes. I am for the pipe line, but I call attention to the fact that the committee on which I serve, the Committee on Ways and Means, is now laboring to raise \$3,700,000,000, and that, superimposed upon \$16,000,000,000 annually under the bills now on the books, in addition to the \$10,000,000,000 you pay in State and local taxes, is something to think about. We cannot afford to fool with these non-essential expenditures, because the people cannot stand a \$35,000,000,000 annual charge, unless for national defense.

Mr. CARTER. Mr. Speaker, this bill has been referred to as a boondoggling bill in an editorial in the Miami Herald in the State of Florida. I do not want this Congress to make itself ridiculous by passing a measure that has been said by somebody to be the beginning of the old Florida ship canal. We must conserve our financial resources to carry on the war and cut out all nonessential expenditures.

The SPEAKER. The time of the gentleman from California has expired. The gentleman from Texas [Mr. MANSFIELD] is recognized for 7 minutes remaining.

Mr. MANSFIELD. Mr. Speaker, the question of the ship canal across Florida has been raised. I hold in my hand a minority report, which I made against that proposition, signed by myself and nine other members of the committee, including the gentleman from California, the gentleman from Michigan, and the gentleman from Ohio. I dictated it. They all signed it, in opposition to a ship canal across Florida, more than a year ago, long before this question here before us was ever raised.

There is no ground or reason or argument for a ship canal there. We have no coastwise trade at present. We have no hope that it will be restored anywhere in

the near future, and unless there is a tremendous coastwise trade there is nothing that can use a ship canal across Florida. The bill here as proposed does not go to the ocean at either end. It only connects up the two shallow barge canal channels, 12 feet deep. It specifically states it does not go to the ocean on the Gulf side, and on the other side it goes into the St. Johns River. Several gentlemen from Florida, all of them, in fact, are in favor of a ship canal, if you will put it to their door. They have annoyed the life out of me for 6 years to get it to run here or there, but when you propose to put it across where the engineers say is the most practical place to put it, they object. They have objected to it ever since I have been in Congress, almost, ever since this issue has been under consideration.

So far as the matter of time is concerned, it is going to be altogether a question of money. Congress can arrange that. It will be up to the Congress to appropriate the money to dig the channel across there. It can be done in a very short while if we can provide the money, but the engineers have estimated that it would be a long time in securing the appropriation, and they put the longest time that has ever been adopted for the payment of a river and harbor work. That 3 years' time includes extending it all the way to the Mexican border, and about half of the work proposed would be done there. The only reason for that is that the channel is gorged now, it is congested. It carried more than 25,000,000 tons of freight last year, more than has ever been carried on a river, except on the Monongahela, and that was all coal.

Mr. GREEN. Tell them about the sulphur and the salt.

Mr. MANSFIELD. I have not the time, but it will bring sulphur and salt, two and a half million tons, from Texas up to Wilmington, Baltimore, Philadelphia, New York, and some of it to Chicago. It is all used for war purposes.

Mr. KLEBERG. Will the gentleman yield?

Mr. MANSFIELD. I yield to my colleague.

Mr. KLEBERG. How about the heavy equipment that has to serve shipping operations—ways that are being established to build merchant marine?

Mr. MANSFIELD. Oh, it is needed for that. It is the only proposition that will supply the East with all their needs unless you can get back the tankers. There are only 9,000 oil-tank rail cars in the United States belonging to the railroads. The other tank cars belong to the oil companies. They do not have the equipment. They can increase their supply a little more than they are doing now. They have done great work. They have done twice as much as they thought they could do a year ago, but their hopes for increasing it cannot be exceeded very much. An additional proposed pipe line, together with this one, will not supply all the needs. It will lack 300,000 barrels a day of supplying the needs.

Mr. BECKWORTH. Mr. Speaker, will the gentleman yield?

Mr. MANSFIELD. I yield.

Mr. BECKWORTH. It gives a real opportunity to make available to other sections of the country oil from the greatest reservoir in the whole United States.

Mr. MANSFIELD. There is no question about that. The gentleman is entirely correct.

Mr. RANKIN of Mississippi. Mr. Speaker, will the gentleman yield?

Mr. MANSFIELD. I yield.

Mr. RANKIN of Mississippi. It was testified before the committee that it would supply 1,600,000 barrels of oil a day on the Atlantic coast. This short canal across Florida, when completed, in connection with the barge canal, would supply the entire amount, and it is the only proposition that has been proposed that will supply it.

Mr. MANSFIELD. The gentleman is correct.

Mr. MICHENER. Mr. Speaker, will the gentleman yield?

Mr. MANSFIELD. I yield.

Mr. MICHENER. Now, who has asked for this legislation as presented?

Mr. MANSFIELD. Millions of people all over the United States, both in the East and the West. Down in my State we have so much oil and gasoline that we cannot dispose of it. Up in the East they are rationed and still suffering for the need of it.

Mr. MICHENER. Yes; I know, but I am asking who appeared before the committee? In other words, is the War Department asking for this as a national defense measure? Is the Navy asking for it? Is the administration asking for it, or is the War Production Board asking for it? My understanding was when the gentleman appeared before the Rules Committee that all those agencies were demanding this as a national defense measure. Now, if it is true that just the people want to have a pipe line developed, and not those charged with the war effort, then I am against it. If it is, as I understood it, that this is a national defense measure, and solely such, then I think we all ought to vote for it.

Mr. MANSFIELD. I do not think there is any question about it being a national defense measure.

Mr. MICHENER. Well, will the gentleman answer my question?

Mr. MANSFIELD. What was the gentleman's question? There are so many talking to me and creating so much confusion I did not hear the gentleman.

The SPEAKER. The gentleman's time has expired. All time has expired. The question is, Will the rules be suspended and the bill passed?

The question was taken; and on a division (demanded by Mr. DINGELL) there were ayes 85 and noes 121.

Mr. MANSFIELD. Mr. Speaker, I ask for the yeas and nays.

The SPEAKER (after counting). Eighteen Members have arisen; not a sufficient number.

The yeas and nays were refused.

Mr. KOPPLEMANN. Mr. Speaker, I raise the point of order that there is no quorum present, and I object to the vote on that ground.

The SPEAKER. The Chair will count.

Mr. CARTER. Mr. Speaker, I make the point of order that the gentleman's point of order comes too late.

The SPEAKER. The Chair will hold that it does not come too late. The Chair will count. [After counting.] More than 218 Members are present, a quorum.

So, two-thirds not having voted in favor thereof, the motion to suspend the rules and pass the bill was rejected.

PROCESSING TAX ON COCONUT OIL

Mr. DOUGHTON. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 6682) to suspend in part the processing tax on coconut oil.

The Clerk read the title of the bill.

The Clerk read the bill as follows:

Be it enacted, etc., That section 2470 (a) (2) of the Internal Revenue Code is hereby suspended: *Provided*, That if the President, after receipt by him of a request from the Government of the Commonwealth of the Philippine Islands that the suspension of section 2470 (a) (2) be terminated, shall find that adequate supplies of copra, coconut oil, or both, the product of the Philippine Islands, are readily available for processing in the United States, he shall so proclaim; and 30 days after such proclamation, the suspension of section 2470 (a) (2) of the Internal Revenue Code, shall terminate.

Sec. 2. This act shall become effective the day following its enactment.

The SPEAKER. Is a second demanded?

Mr. HULL. Mr. Speaker, I demand a second.

Mr. COOPER. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Without objection it is so ordered.

There was no objection.

The SPEAKER. The gentleman from North Carolina is recognized for 20 minutes and the gentleman from Wisconsin is recognized for 20 minutes.

Mr. DOUGHTON. Mr. Speaker, I yield myself such time as I may care to consume.

Mr. Speaker, this is a national defense measure. It has a unanimous report from the Committee on Ways and Means, which committee considered it very carefully. It has the support also of the War Production Board, the Board of Economic Security, the Price Control Administration, and the Treasury Department.

The purpose of it is to suspend for the duration of the war the differential of 2 cents extra tax on copra and coconut oil. There is a tax of 5 cents a pound now on coconut oil from foreign countries. In 1934 a law was enacted by which 2 cents a pound was taken off as far as the Philippine Islands were concerned. In other words, there is a differential of 2 cents a pound on copra from which coconut oil is manufactured, which is imported from the Philippine Islands.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. AUGUST H. ANDRESEN. Did I understand the gentleman to say that this is only suspending that tax during the war?

Mr. DOUGHTON. That is right.

Mr. AUGUST H. ANDRESEN. Or is it permanent legislation?

Mr. DOUGHTON. No; it is not intended to be permanent legislation, as the bill provides that 30 days after the President proclaims there is an adequate supply of copra and coconut oil from the Philippines available for processing in the United States, this suspension shall terminate. This is not permanent legislation at all.

Mr. BOREN. It is limited to the duration?

Mr. DOUGHTON. It is for the duration of the war.

Mr. ALLEN of Illinois. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. ALLEN of Illinois. I may say to the gentleman from North Carolina that I called the War Department, as undoubtedly the gentleman has done, and all the defense agencies; they are very anxious that this bill pass as soon as possible.

Mr. DOUGHTON. They regard it as essential to national defense and our war effort; there is not any question about that. The evidence before our committee was that the bill was not only essential but necessary at this time for national defense. We have been getting our supply from the Philippine Islands, but as everyone knows we cannot do so now. There are some other small islands in the South Seas from which we get a supply of copra from which coconut oil is extracted. Any extent to which we can increase our supply by removing this obstacle is that much of an aid to our national defense program.

Mr. PACE. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. PACE. It appears from the language of the bill that the suspension would be permanent unless and until the Government of the Philippines had given notice that there was an ample supply of coconut oil and copra from that country, and it is possible that such a notice would never be given. This would, therefore, be a permanent suspension.

Mr. DOUGHTON. It might be necessary. We are not expecting to get any supply from the Philippine Islands any time soon.

Mr. PACE. The thing I am interested in is the effect this bill will have upon the price of domestic vegetable oils, a thing from which glycerin can be made. I would not want, and I am sure the gentleman would not want, to take action here which would break the domestic market on vegetable oils which compete directly with copra and coconut oil, by passing legislation of this kind.

Mr. DOUGHTON. The gentleman does not apprehend there is any danger now of anything taking place that would seriously affect the price of the domestic commodities he mentions; does he?

Mr. PACE. The gentleman knows that the domestic producers of vegetable oils are operating on a price that does not return them always the cost of production.

Mr. DOUGHTON. Can glycerin be produced from the vegetable oils the gentleman mentions in sufficient quantities for national defense purposes?

Mr. PACE. I am not able to say.

Mr. DOUGHTON. I understand the price has been increased until it is almost prohibitive.

Moreover, as I understand it, there is a scarcity of coconut-oil cake which is used for dairy purposes. I do not believe there would be the slightest objection to this bill if it were thoroughly understood.

Mr. JENSEN. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. JENSEN. All this bill does is to take off the 2 cents additional embargo we have placed on copra and coconut oil. Is that right?

Mr. DOUGHTON. It is a processing tax that is payable by the processor when it is processed. It is not a tariff tax but a processing tax.

Mr. JENSEN. We are not making the product any more scarce by taking this step?

Mr. DOUGHTON. Not at all. There is a price ceiling fixed now on these commodities. The combination of the tax and the price ceiling makes it next to impossible to secure this material from which a necessary war product is produced.

Mr. JENSEN. Certainly the gentleman does not want to say that just because it is going to cost us 2 cents a pound more it is going to make the product scarcer and that we shall be denied it in our war effort?

Mr. DOUGHTON. But the 2 cents a pound is interfering with the importation of it and thereby affecting the supply, as I understand.

Mr. JENSEN. Is not one reason for the lessened importation the fact that we have a substitute to take its place?

Mr. DOUGHTON. Nothing of the kind. I beg the gentleman's pardon; he is mistaken about that.

Mr. ALLEN of Illinois. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. ALLEN of Illinois. I understand this bill was reported unanimously by the committee.

Mr. DOUGHTON. Absolutely. The bill was considered very carefully.

Mr. ALLEN of Illinois. I believe representatives of the War Production Board, the Board of Economic Warfare, the Office of Price Administration, the Department of Commerce, and the Treasury Department appeared, and they were for this bill.

Mr. DOUGHTON. Very definitely.

Mr. JENSEN. The Department of Agriculture has not O. K.'d it.

Mr. DOUGHTON. Mr. Speaker, I reserve the remainder of my time.

The SPEAKER. The gentleman from Wisconsin [Mr. HULL] is recognized for 20 minutes.

Mr. HULL. Mr. Speaker, I beg to differ with the chairman of the Committee on Ways and Means and his statement that this bill merely suspends the 2-cent processing tax on coconut oil during the war. If you will read the language of the bill on the first page, you will find that it states:

Provided, That if the President, after receipt by him of a request from the Government of the Commonwealth of the Philippine Islands that the suspension of section

2470 (a) be terminated, shall find that adequate supplies of copra, coconut oil, or both, the product of the Philippine Islands, are readily available for processing in the United States, he shall so proclaim.

That is a condition precedent to any action by the President, and the passage of this bill does not mean we are only going to repeal that 2-cent tax for the duration of the war. It means that until the Philippine Assembly shall notify the President and take the necessary steps the President and this Congress are barred from repealing this very bill, which repeals that 2-cent tax. So it is important.

In the first place, may I say that I do not have here the hearings of the Committee on Ways and Means on this measure. I called the committee and was advised that the hearings were not printed. I do not know who appeared before that committee, further than the statement of the gentleman from North Carolina, and I did not fully understand that. But I have here a brief signed by a former member of this body, now attorney for the American Soap & Glycerine Producers, Inc., and general counsel for the National Institute for Oil Soap Products. It is a very voluminous brief. Evidently the gentleman has been quite active in promoting this bill. I do not know how many others may have been interested.

The ostensible purpose of this bill is to provide glycerin for ammunition purposes. The supply of coconut oil from the Philippines, of course, has been shut off. There is a relatively small amount of coconut oil available from other parts of the world. From general information, which I have not been able to verify, a British and American syndicate has purchased the larger part of 100,000 tons or 200,000,000 pounds of copra or coconut oil that is available from other countries than the Philippines.

They want to bring it in here. We all know much about the operations of such syndicates, particularly in wartime and, as a rule, they are not dominated by patriotic sentiment but rather by profits to be obtained. But what are they going to do with the 100,000 tons they propose to bring in here?

In the first place they can get glycerin and plenty of it from cottonseed oil, they can get it from soybean oil, they can get it from many other vegetable oils.

Mr. PACE. And peanut oil.

Mr. HULL. And peanut oil. They can get it from various other sources in this country, including lard. Furthermore, a price has been fixed by the O. P. A. on glycerin at 11½ cents a pound. That is the price the Government is paying to the soap companies now making glycerin.

Out of that 100,000 tons of coconut oil only 14 percent will be made into glycerin. I am not well advised as to the manufacture of soaps and glycerin, but my understanding is that glycerin is a byproduct in the manufacture of soap and in order to get this glycerin it will be necessary for the soap companies to manufacture so much soap and out of it they will get the 14 percent of glycerin.

Now, 14 percent of the 100,000 tons it is proposed to import will be approximately 14,000 tons.

At the rate which the Government is paying for glycerin, the Government will pay \$3,220,000 for all the glycerin that is proposed to be made from this imported coconut oil. However, if this bill passes, there is going to be a reduction of revenue from those soap companies to the Government of \$4,090,000 a year indefinitely, not only now and during the war, but until the Philippine Government sends its certificate over here that it is ready to supply that oil that we need in this country. So, when you figure this thing out, we find we will get \$3,220,000 worth of glycerin out of 100,000 tons of coconut oil, and we are going to turn over to the soap companies the remainder, the residue of that 100,000 tons, which amounts to 86,000 tons. In order to get this glycerin, we are going to, therefore, enrich the principal soap companies which manufacture practically all the glycerin over \$3,000,000 annually. There is a question, under the orders of the War Production Board, whether any of the smaller soap companies can qualify and make use of any of this coconut oil.

We are going to present to the five big soap companies, perhaps a few others, 86,000 tons of the residue; we are going to take off of that residue \$40 per ton; in other words, we are going to give them the benefit of \$3,440,000 in reduction of taxes in order to obtain \$3,220,000 worth of glycerin. That is what this bill is and that is what it means.

Mr. JENSEN. Will the gentleman yield?

Mr. HULL. I yield to the gentleman from Iowa.

Mr. JENSEN. In other words, this bill is not going to tend toward improving our defense program. It is simply going to increase the dollars in the pockets of the big soap companies?

Mr. HULL. Indefinitely, to the extent of \$3,440,000 a year.

Now, that is the whole question before the House.

In this report from the Committee on Ways and Means, you will find there is not a word stated, and I have not been able to find anything the committee has stated, about the soap-company angle to this bill. I am not opposed to the Government getting a sufficient supply of glycerin, I am not opposed to the Government taking advantage of any reduced rates or anything of that kind, but I am opposed to permitting the soap companies to get a reduction of \$3,440,000 a year while the total amount of reduction on the portion of 100,000 tons made into glycerin will be \$560,000.

Mr. POAGE. Will the gentleman yield?

Mr. HULL. I yield to the gentleman from Texas.

Mr. POAGE. This comes in here under the guise of a defense proposition, does it not?

Mr. HULL. Yes, sir.

Mr. POAGE. On the theory that we have to do this in order to get the copra?

Mr. HULL. Yes.

Mr. POAGE. Are we going to get copra from the Philippine Islands simply by reducing the tariff against it or the processing tax?

Mr. HULL. It does not make a particle of difference whether you take this 2-cent tax off or not; the price of glycerin is fixed. The soap companies are going to get that much for their glycerin, and they are going to get the reduction of 2 cents per pound on the residue of 86,000 tons.

Mr. POAGE. That is unquestionably right. I think the gentleman has fairly explained that. However, on the proposition that this will add to the supplies of glycerin in the United States, how are you going to bring copra from the Philippine Islands today? If you should subsidize it 40 cents a pound, how would you get it here?

Mr. HULL. You could not bring it here.

Mr. POAGE. Of course not. Therefore, is this going to make one single additional pound of glycerin available for the United States defense purposes?

Mr. HULL. No; because I think the contracts already signed for bringing it in here at 2 cents per pound reduction represent that much profit on 100,000 tons.

Mr. POAGE. Certainly, but the profit will go to this American-British syndicate to pay for copra, rather than to the American farmers who are producing American oils and fats that should be used.

Mr. HULL. Absolutely.

Mr. PACE. Mr. Speaker, will the gentleman yield?

Mr. HULL. I yield to the gentleman from Georgia.

Mr. PACE. It appears from the committee report that one of the arguments in support of this bill is that it will increase the supply of oil cake. If the gentleman is familiar with the enormous increase in the production this year of soybeans and peanuts, he will agree with me, I am sure, that we are going to have so much oil cake this fall that it will probably have to be given away in order to get rid of it, and that there is not the slightest necessity in this Nation today for any more oil cake, as the farmers of the United States will produce probably twice as much as can be consumed.

Mr. HULL. I would say, furthermore, that I do not believe there is a dairyman in the entire Northwest that ever used a pound of oil cake made from coconut oil.

I hope this motion will be defeated.

Mr. DOUGHTON. Mr. Speaker, will the gentleman yield?

Mr. HULL. I yield to the gentleman from North Carolina.

Mr. DOUGHTON. The 600,000 tons ordinarily coming in from the Philippine Islands is all cut off. There is no hope of any of that being imported. It is estimated that only 100,000 tons will come in if this law is enacted, so we will have a loss of 500,000 tons there. The 600,000 tons is all cut off, and it is estimated that 100,000 tons is the most we can possibly get.

Mr. HULL. I should like to have the eminent gentleman use his own time in

making his statement. Some of the other Members want to be heard on this side, and we are allowed only 20 minutes to present our objections to the bill.

The question up to the House is, Are we going to give the big soap companies a present of \$3,440,000 a year? That is the issue involved in this bill. I am opposed to spending in that manner moneys which are so badly needed for our war program.

[Here the gavel fell.]

Mr. HULL. Mr. Speaker, I yield 4 minutes to the gentleman from Minnesota [Mr. AUGUST H. ANDRESEN].

Mr. AUGUST H. ANDRESEN. Mr. Speaker, I do not want to do anything that will retard our war effort. I know we are all united to do what we can to secure the essential and critical materials so that we may win the war.

After the explanation that has been made about this bill by the chairman of the committee and my distinguished colleague from Wisconsin, it seems to me there is some question whether or not this bill should not have further study and discussion on the floor. It is unfortunate that a bill of this kind comes up without ample time for debate and opportunity to offer amendments.

The chairman has said that this bill terminates when the war is over. There is no provision in the bill, as I see it, which would terminate this suspension of the processing tax at the end of this war. If it is the intention of the proponents of the bill or the members of the Committee on Ways and Means that this suspension of the tax should terminate when the war is over, then we should have the opportunity to offer such an amendment and attach it to the bill, and then we would know that this concession would terminate when the war is over.

I believe this bill can be brought in in the regular manner under a rule from the Committee on Rules. That would give us a chance to discuss it on the floor and to offer amendments.

We do not want to do anything that would jeopardize the war effort. We want to get all the essential materials the Government needs in prosecuting the war to a successful conclusion.

I have no objection to bringing these critical materials in during the war, but let us place an amendment on this bill so that we may know that the concessions we are making will terminate when the war is over.

Mr. Speaker, I ask that the motion to suspend the rules be voted down.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. KOPPLEMANN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a letter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

PROCESSING TAX ON COCONUT OIL

Mr. DOUGHTON. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. CROWTHER], a member of the committee.

Mr. CROWTHER. Mr. Speaker, I think a mistaken idea has crept into the minds of some of my colleagues regarding this bill. I have had a good deal of discussion about it with the gentleman from Wisconsin [Mr. HULL], but he has clung steadfastly to the idea that there is a Senegambian hidden in the wood pile and that we are going to confer a great favor on the soap makers of the country and enrich their tills by about \$3,000,000. I think that is a fallacious conclusion.

You know with my record as a protectionist I would not be here asking to take the tax off any import unless I thought this was actually a war defense measure.

Let me say that the other countries from which this copra comes are British and French Oceania islands in the South Pacific, Ceylon and India, none of which is particularly available now, and from West and East Africa.

The purpose of the pending bill is to temporarily suspend the additional tax upon non-Philippine coconut oil until Philippine production is again available.

I think that is very clearly explained in the language of the bill. I do not think there is anything confusing about the language as to when this legislation is to end. If I can read the English language, it shall be terminated when it is found that an adequate supply of copra and coconut oil, or both, are readily available from the Philippine Islands for processing in the United States.

Under existing law, there is imposed upon the first domestic processing of coconut oil, and certain other oils, a tax of 3 cents per pound. (Sec. 2470 (a) (1), Internal Revenue Code.)

On coconut oil, there is also imposed an additional tax of 2 cents per pound, except on coconut oil from the Philippines or produced from Philippine copra. (Sec. 2470 (a) (2), Internal Revenue Code.)

The purpose of Congress in imposing the additional tax on coconut oil, except that from the Philippines, was to give the Philippine Islands a monopoly in the United States market. Before the invasion of the Philippines by Japan, in excess of 99 percent of the domestic supply of coconut oil came from that source.

In the manufacture of explosives, and for other military purposes, large quantities of glycerin are necessary. Heretofore, glycerin has been largely produced as a byproduct of soap making, in which Philippine coconut oil has been a principal ingredient. We formerly imported from 600,000,000 to 750,000,000 pounds of coconut oil annually from the Philippines, and now this source of supply has been cut off. It thus becomes necessary for us to secure glycerin from every source available, and fortunately it can be obtained from a large variety of domestic fats and oils. However, coconut oil furnishes a greater amount than most other fats and oils. Hence it is desirable to encourage all possible imports of this commodity, which must now be obtained from other than Philippine sources. The fact is, however, that not more than 100,000,000 to 200,000,000 pounds annually can reasonably be expected from other countries.

By reason of the existing additional 2 cents-per-pound tax applicable to non-Philippine coconut oil, a virtual embargo is in effect, and the Government is precluded from obtaining even the small amount which would otherwise be available.

Any coconut oil coming in will continue to pay the regular 3-cent-per-pound tax, which was the rate applicable to Philippine coconut oil when it was being imported. The only difference is that the 3-cent tax collected from the Philippine product was returned to the Philippine Treasury, whereas if the tax is collected from non-Philippine coconut oil, which heretofore has been embargoed, the revenue will go to the Federal Treasury.

No disturbance to the domestic fats and oils market will result from the passage of this legislation, since the same competitive situation will prevail under the regular 3-cent tax as prevailed when Philippine coconut oil—which only paid this tax and not the additional 2-cent tax—was coming in. As a matter of fact, the market for domestic fats and oils will be greatly enhanced by reason of having to furnish substitutes for the difference between the 600,000,000 to 750,000,000 pounds of Philippine coconut oil which formerly came in, and the 100,000,000 to 200,000,000 pounds which is all that will be available from other foreign sources. Actually, the increase in domestic production which will be necessary will be even greater than this amount, in view of the pressing needs of the war program.

The bill has the approval of the War Production Board and other interested Government agencies, and was unanimously reported by the committee. It is vitally necessary in connection with the war program and should be speedily enacted.

Mr. HULL. Mr. Speaker, will the gentleman yield?

Mr. CROWTHER. I will be glad to yield.

Mr. HULL. May I ask the gentleman if it is not a fact that the head of the oils and fats division, or the soap division, or whatever division it is down in the War Production Board, or, possibly one of the responsible men down there who is responsible for this order of the War Production Board is a member of one of the five largest soap-manufacturing concerns in the United States?

Mr. CROWTHER. All the witnesses we had before us were men of unusual standing. We had Army officers, we had chemists from the various departments of the Government and representatives of the War Production Board, and we thought we were securing the very best information possible.

Mr. DOUGHTON. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota [Mr. KNUTSON].

Mr. KNUTSON. Mr. Speaker, if conditions were normal, I would not favor this legislation. As I recall, I had something to do with putting the present law on the statute books, but as we all know, conditions are not now normal. We also know that the source of imported vegetable oils and coconut oils is now in the

hands of the enemy, so we must find new sources on which to draw.

Mr. PACE. Mr. Speaker, will the gentleman yield?

Mr. KNUTSON. Yes.

Mr. PACE. We have never brought in from the Philippines more than about 2,000,000,000 pounds, and the consumption in the United States is from 8,000,000,000 to 10,000,000,000 pounds.

Mr. KNUTSON. I am talking about past imports from the Philippines alone. There is no question but that this is a defense measure and is of prime importance; therefore I shall support it. I am sorry that the situation is such that it is necessary to bring out legislation of this kind, but I cannot change the fact.

Mr. JENSEN. Mr. Speaker, will the gentleman yield?

Mr. KNUTSON. Yes.

Mr. JENSEN. And whether we pass this bill or not, is it not a fact that it will not make the product any scarcer or any more plentiful?

Mr. KNUTSON. I would not want to assume responsibility for deciding a question of that kind, because those who are charged with that responsibility came before our committee and stated that this legislation is necessary to winning the war.

The SPEAKER pro tempore. The time of the gentleman from Minnesota has expired.

Mr. DOUGHTON. Mr. Speaker, I yield the gentleman 1 minute more.

Mr. KNUTSON. It is true that there is no definite termination to the legislation, except that when the President shall find that our supply is again normal, it shall terminate. We could not provide in the bill that it would terminate on a certain date, after the close of hostilities, because it will take years and years to restore the supply so some discretion must be left to the Executive to decide when that situation occurs.

Mr. COOPER. The fact is that the provisions of existing law which are sought to be suspended by this bill were enacted solely and alone for the benefit of the Philippine Islands?

Mr. KNUTSON. That is true.

Mr. COOPER. And now that source of supply is cut off.

Mr. KNUTSON. The gentleman is correct, and we must turn elsewhere for our pressing needs.

Mr. COOPER. And this bill is simply an effort to get from other sources that part or some of that part that formerly came from the Philippines, that is so vitally needed in the manufacture of glycerin and other material essential for war purposes.

Mr. KNUTSON. The gentleman is absolutely right and I for one will not assume responsibility for laying any impediment in the path to the bill's passage.

Mr. HULL. Mr. Speaker, I yield 3 minutes to the gentleman from Texas [Mr. POAGE].

Mr. POAGE. Mr. Speaker, it seems to me that there is obvious confusion on the part of the proponents of this bill. The chairman of the committee said that the bill is merely temporary, while the gentleman from Minnesota [Mr. KNUTSON], who last spoke, said that the bill

would terminate when the President wanted it to terminate. The bill says that the President after receipt by him of a request from the Government of the Commonwealth of the Philippines may terminate this suspension. In other words, the bill actually provides that it cannot be suspended until the President orders it, and he cannot do that until the Philippine Islands have asked him to do so. As a matter of fact it is permanent legislation and it cannot bring any more copra into the country during the present war. Our shortage is caused by physical inability to import copra because of a lack of ships and occupation of most of the sources of supply by Japan.

Mr. COOPER. Mr. Speaker, will the gentleman yield?

Mr. POAGE. I have only 2 minutes. I cannot yield at this time. We do not have the ability to bring copra in from the Philippines even if the stuff were worth its weight in gold. You cannot bring it in from the Philippines until we whip the Japs and therefore the effective part of the bill is after the war terminates. Then we will have a bill that will permit copra to come in at a lower price, because we will have taken 2 cents a pound off by removing this processing tax, and they will then bring it in at a price that will ruin every producer in the United States of cottonseed oil, soybean oil, and peanut oil.

You are going to ruin the American producer not during the war, because you cannot bring this copra in anyway, except in limited quantities; but when this war is over and when this bill does not terminate as it was suggested that it would, when it is still in effect, before anybody has terminated it, then the American farmer is going to pay for the profit you are handing the soap makers today, and they will keep right on paying for years to come. If you want to bring something in and think that you can get it from the Philippine Islands by subsidizing it with money, then subsidize it, but do not charge it up to the farmers of the United States.

Mr. AUGUST H. ANDRESEN. Will the gentleman yield?

Mr. POAGE. I yield.

Mr. AUGUST H. ANDRESEN. The proper thing is to bring in this bill so that we can offer amendments to have it terminate when the war is over.

Mr. POAGE. That is right. I think we should have learned a lesson from what happened to the last bill. This bill has been here since along in February, and, as far as I know, no rule has ever been sought or granted on it. Why does it not come in in the regular way, subject to amendments?

Mr. COOPER. Mr. Speaker, will the gentleman yield?

Mr. POAGE. I yield.

Mr. COOPER. I am surprised that the distinguished gentleman from Texas is so much confused about this bill.

Mr. POAGE. Well, possibly my confusion and some of the confusion which has been evidenced by the proponents of the bill result from a lack of time to fully discuss the measure.

Mr. COOPER. It is a question of what a simple one-page bill says.

Mr. POAGE. Yes, but there is a complete disagreement among the proponents as to when and how the suspension will ever terminate. I cannot plead guilty to all the confusion, and if there is any doubt, I am going to resolve it in favor of the American farmer.

The SPEAKER. The time of the gentleman from Texas has expired.

Mr. HULL. Mr. Speaker, I yield 2 minutes to the gentleman from Georgia [Mr. PACE].

Mr. PACE. Mr. Speaker, I certainly have deep respect for the chairman and every member of the Ways and Means Committee. I regret that representatives of the Department of Agriculture were not consulted on this legislation. It is true we have been getting from the Philippines an average of about a billion pounds of vegetable oil a year in direct competition with our own oil. So in January the Secretary of Agriculture went to the soybean producers of the Northwest and the peanut producers of the South and said, "Now, we are going to be a billion pounds short on vegetable oil. You men get busy and make up that shortage."

You will find that in the Northwest they have about doubled their soybean production for the very purpose of meeting this condition. In the South, instead of planting 1,900,000 acres of peanuts this year we are planting about 5,000,000 acres. So we hope that the soybean producers and the peanut producers will more than make up this shortage, and we feel that instead of a subsidy which this bill gives, by taking off this 2-cent tax, to some foreign producers, the American producers of vegetable oils should be given and continued this protection.

It is mentioned that it is important that we have the oil cake from copra. I have talked to every dairyman on the floor and they say they have never heard of a dairy feeding oil cake from copra, but you do use oil cake from soybeans, from peanuts, and from cottonseed. We have increased our production of those commodities this year so greatly that I am afraid we are going to have to practically give away our meal.

Whenever it is shown that the farmers of this Nation are unable to produce enough vegetable oils for the manufacture of all the glycerin needed in the conduct of the war I shall gladly support any measure necessary to bring in more from foreign countries. The farmers have a deep interest in the successful prosecution of the war. They are ready to make any sacrifice necessary, but they do not feel, and I do not feel, that they should be the only ones to make any sacrifice.

It seems that a small group has bought up all the copra and coconut oil that is now available and they want us to relieve them of the payment of this 2-cents-per-pound tax so as to increase their profits. Yet our own farmers have increased their production of vegetable oils and the Price Administrator has put a ceiling price into effect that will hardly give the farmers the cost of production.

Oh, Mr. Speaker, the injustices that are being committed in the name of national defense!

Mr. HULL. Mr. Speaker, I yield the remainder of my time to the gentleman from Wisconsin [Mr. KEEFE].

The SPEAKER. The gentleman is recognized for 1 minute.

Mr. KEEFE. Mr. Speaker, I take this time merely to claim the attention of the distinguished chairman of the Ways and Means Committee in order to ask a question.

As I understand the purpose of this bill, it is a demand upon the part of governmental agencies for the acquisition of what has been stated to be 100,000 tons of available copra that is available from sources other than the Philippines. Is that true?

Mr. DOUGHTON. I did not understand the gentleman.

Mr. KEEFE. I understand from your statement and other statements that appear in the report that there is available 100,000 tons, other than copra that formerly came from the Philippines, that can be purchased from some source and be used in our productive effort in this country. Is that right?

Mr. DOUGHTON. Not to exceed that amount, and that takes the place of 600,000 tons lost from the Philippines.

Mr. KEEFE. Now, do I understand that the officers of the Army and the Navy, the War Production Board, and so forth, say that the acquisition of that 100,000 tons of copra is vital and essential to the promotion of our war effort? Did they so testify before the committee?

Mr. DOUGHTON. They emphatically and definitely stated that.

The SPEAKER. The time of the gentleman from Wisconsin [Mr. KEEFE] has expired.

Mr. DOUGHTON. Mr. Speaker, I yield the remainder of my time to the gentleman from Tennessee [Mr. COOPER].

The SPEAKER. The gentleman from Tennessee is recognized for 2 minutes.

Mr. COOPER. Mr. Speaker, there has been considerable confusion about this bill; this is unfortunate, for most of it is entirely unfounded.

The purpose of this legislation is to make it possible to obtain supplies of copra and coconut oil from outside the United States. From these materials are obtained things essential in the national war program. This was brought to the attention of the Ways and Means Committee by officials charged with the responsibility of carrying on the war effort. They are the ones who came to the committee and asked for this legislation, those charged with carrying forward the war program. They are the only ones who have appealed to the Ways and Means Committee for the consideration of this bill.

The simple facts are these: Coconut oil contains the highest percentage of glycerin of any oil, and vast quantities of glycerin are vitally needed for the manufacture of explosives and materials essential for the war effort. Ordinarily we receive enormous quantities of coconut oil from the Philippines. This source is cut off. It is hoped we may be able to get some copra and coconut oil from other sources in the world to take the place of part of this enormous shortage we have now by reason of the Philippine supply being cut off.

The only thing involved in this bill is whether or not we are willing to go along with the urgent request of these men charged with the responsibility of providing explosives and essential materials for the war, whether we will help them by giving them this legislation; or whether we will thwart them and obstruct them in their efforts, and thereby seriously adversely affect the war program.

[Here the gavel fell.]
The SPEAKER. All the time has expired.

The question is: Shall the rules be suspended and the bill passed?

The question was taken; and (on a division demanded by Mr. HULL) there were—ayes 55, noes 19.

The SPEAKER. In the opinion of the Chair, two-thirds having voted in the affirmative, the bill is passed.

Mr. HULL. Mr. Speaker, I object to the vote on the ground that there is not a quorum present.

Mr. ANDREWS. A point of order, Mr. Speaker.

The SPEAKER. The gentleman will state his point of order.

Mr. ANDREWS. I make the point of order that the objection of the gentleman from Wisconsin comes too late, the Chair having announced that the bill was passed.

The SPEAKER. The Chair must be rather liberal about these matters, but the Chair requests Members to be a little more prompt in calling for a quorum—to do so before the Chair announces that a bill is passed.

Evidently, there is not a quorum present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 185, nays 74, not voting 171, as follows:

[Roll No. 62]		
YEAS—185		
Allen, Ill.	Crosser	Hill, Colo.
Allen, La.	Crowther	Hill, Wash.
Anderson, Calif.	D'Alesandro	Hinshaw
Anderson,	Dingell	Hobbs
N. Mex.	Disney	Hoffman
Andrews	Ditter	Holbrook
Angell	Dondero	Holmes
Arends	Doughton	Hook
Arnold	Douglas	Hope
Barnes	Drewry	Houston
Bates, Ky.	Duncan	Hunter
Beckworth	Eberhart	Imhoff
Bell	Elliott, Calif.	Izac
Bender	Engel	Jenkins, Ohio
Blackney	Englebright	Jenks, N. H.
Bland	Fenton	Johnson, Calif.
Bloom	Fish	Johnson, W. Va.
Boehne	Flaherty	Johnson
Boggs	Flannagan	Kean
Boren	Fogarty	Kee
Bradley, Mich.	Folger	Keefe
Buck	Forand	Kefauver
Bulwinkle	Gale	Kilburn
Burch	Gamble	Kilday
Byron	Gearhart	Klinzer
Canfield	Gerlach	Kirwan
Carlson	Gore	Knutson
Carter	Graham	Lanham
Cartwright	Gregory	Larrabee
Chenoweth	Guyer	Lea
Chipewald	Hall	LeCompte
Clason	Edwin Arthur	Lewis
Cochran	Halleck	McCormack
Cole, N. Y.	Hancock	McGranery
Cooley	Harness	McKeough
Cooper	Hartley	McLaughlin
Costello	Healey	McLean
Courtney	Hébert	Manasco
Creal	Hess	Martin, Iowa

Mason	Reed, Ill.	Thill
May	Reed, N. Y.	Thomas, Tex.
Meyer, Md.	Rees, Kans.	Thomason
Michener	Robinson, Utah	Tibbott
Mills, Ark.	Rodgers, Pa.	Traynor
Mills, La.	Rogers, Okla.	Van Zandt
Monroney	Rolph	Vincent, Ky.
Moser	Romjue	Vinson, Ga.
Mott	Sacks	Voorhis, Calif.
Nelson	Sanders	Ward
Norton	Sasser	Wasielewski
Norrell	Secrest	Wene
O'Brien, N. Y.	Shanley	West
Oliver	Smith, Maine	Wheat
Patman	Snyder	Wigglesworth
Pheiffer,	Spence	Williams
William T.	Springer	Wilson
Pittenger	Starnes, Ala.	Wolcott
Ploeser	Stratton	Woodruff, Mich.
Powers	Sullivan	Wright
Priest	Summers, Tex.	Young
Rabaut	Sutphin	Youngdahl
Ramspeck	Taber	Zimmerman
Randolph	Tenerowicz	

NAYS—74

Andersen,	Gehrman	Pace
H. Carl	Gibson	Patton
Andersen,	Gillie	Peterson, Fla.
August H.	Gossett	Peterson, Ga.
Baumhart	Green	Pierce
Bennett	Hare	Poage
Brooks	Harris, Ark.	Rankin, Miss.
Brown, Ga.	Hendricks	Rankin, Mont.
Brown, Ohio	Hull	Rizley
Cannon, Mo.	Jackson	Robson, Ky.
Case, S. Dak.	Jensen	Rockwell
Clevenger	Johns	Russell
Coffee, Nebr.	Johnson, Ill.	Sauthoff
Coffee, Wash.	Johnson,	Shafer, Mich.
Collins	Luther A.	Short
Colmer	Johnson, Okla.	Sikes
Copeland	Lambertson	Smith, Ohio
Cox	Landis	South
Cravens	Ludlow	Stefan
Cunningham	McGehee	Stevenson
Curtis	Mahon	Talle
Day	Mundt	Tarver
Domengeaux	Murdoch	Whelchel
Dworschak	Murray	Whittington
Fulmer	O'Connor	Wickersham
Gathings	O'Hara	

NOT VOTING—171

Baldwin	Ford, Miss.	Maciejewski
Barden	Ford, Thomas F.	MacIora
Barry	Gavagan	Magnuson
Bates, Mass.	Gifford	Mansfield
Beam	Gilchrist	Marcantonio
Beiter	Gillette	Martin, Mass.
Bishop	Granger	Merritt
Bolton	Grant, Ala.	Mitchell
Bonner	Grant, Ind.	Myers, Pa.
Boykin	Gwynne	Nichols
Bradley, Pa.	Ha'nes	O'Brien, Mich.
Bryson	Hall	O'Day
Buckler, Minn.	Leonard W.	O'Leary
Buckley, N. Y.	Harrington	O'Neal
Burdick	Harris, Va.	O'mers
Burgen	Hart	O'Toole
Butler	Harter	Paddock
Byrne	Heffernan	Patrick
Camp	Heidinger	Pearson
Cannon, Fla.	Howell	Pfeifer
Capozzoli	Jacobsen	Joseph L.
Casey, Mass.	Jarman	Plauché
Celler	Jarrett	Plumley
Chapman	Jennings	Ramsay
Clark	Johnson, Ind.	Reece, Tenn.
Claypool	Johnson,	Rich
Cluett	Lyndon B.	Richards
Cole, Md.	Jones	Rivers
Crawford	Kelley, Pa.	Robertson,
Culkin	Kelly, Ill.	N. Dak.
Cullen	Kennedy,	Robertson, Va.
Davis, Ohio	Martin J.	Rockefeller
Davis, Tenn.	Kennedy,	Rogers, Mass.
Delaney	Michael J.	Sabath
Dewey	Keogh	Satterfield
Dickstein	Kerr	Scanlon
Dies	Kleberg	Schaefer, Ill.
Dirksen	Klein	Schuetz
Downs	Kocialkowski	Schulte
Durham	Kopplemann	Scrugham
Eaton	Kramer	Shannon
Edmiston	Kunkel	Sheppard
Eliot, Mass.	Lane	Sheridan
Ellis	Leavy	Simpson
Elston	Lesinski	Smith, Pa.
Faddis	Lynch	Smith, Va.
Fellows	McGregor	Smith, Wash.
Fitzgerald	McIntyre	Smith, W. Va.
Fitzpatrick	McMillan	Smith, Wis.
Ford, Leland M.	Maas	

Somers, N. Y.	Thomas, N. J.	Wells
Sparkman	Tinkham	Welch
Steagall	Tolan	White
Stearns, N. H.	Treadway	Whitten
Summer, Ill.	Vorys, Ohio	Winter
Sweeney	Vreeland	Wolfenden, Pa.
Talbot	Wadsworth	Wolverton, N. J.
Terry	Walter	Woodrum, Va.
Thom	Weaver	Worley

So two-thirds having voted in favor thereof, the rules were suspended and the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Cullen and Mr. Johnson of Indiana for, with Mr. Burdick against.

Until further notice:

General pairs:

Mr. Woodrum of Virginia with Mr. Martin of Massachusetts.

Mr. Mansfield with Mr. Treadway.

Mr. Boykin with Mr. Grant of Indiana.

Mr. Harris of Virginia with Mr. Stearns of New Hampshire.

Mr. Belter with Mr. Dirksen.

Mr. Joseph L. Pfeifer with Mr. Plumley.

Mr. Burgin with Mr. Cluett.

Mr. Clark with Mr. McGregor.

Mr. Kleberg with Mr. Baldwin.

Mr. Downs with Mr. Jones.

Mr. Ford of Mississippi with Mr. Wolfenden of Pennsylvania.

Mr. Terry with Mr. Jennings.

Mr. Weaver with Mr. Simpson.

Mr. Gavagan with Mr. Wolverton of New Jersey.

Mr. Steagall with Mr. Bishop.

Mr. Satterfield with Mr. Kunkel.

Mr. Delaney with Mr. Crawford.

Mr. Robertson of Virginia with Mr. Reece of Tennessee.

Mr. O'Neal with Mr. Eaton.

Mr. Keogh with Mr. Scott.

Mr. Richards with Mr. Gifford.

Mr. Kerr with Mr. Thomas of New Jersey.

Mr. Martin J. Kennedy with Mr. Gillette.

Mr. Rivers with Mrs. Bolton.

Mr. Bonner with Mr. Maas.

Mr. Grant of Alabama with Mr. Culkin.

Mr. Barden with Mr. Rich.

Mr. Camp with Mr. Dewey.

Mr. McMillan with Mr. Elston.

Mr. Barry with Mrs. Rogers of Massachusetts.

Mr. Whitten with Mr. Fellows.

Mr. Cannon of Florida with Mr. Robertson of North Dakota.

Mr. Sparkman with Mr. Gilchrist.

Mr. Heffernan with Mr. Vreeland.

Mr. Patrick with Mr. Heidinger.

Mr. Granger with Mr. Wadsworth.

Mr. Hart with Mr. Leland M. Ford.

Mr. Michael J. Kennedy with Mr. Osmer.

Mr. Jarman with Mr. Bates of Massachusetts.

Mr. Smith of Virginia with Mr. Paddock.

Mr. McIntyre with Mr. Butler.

Mr. Nichols with Mr. Rockefeller.

Mr. O'Leary with Mr. Gwynne.

Mr. Durham with Mr. Smith of Wisconsin.

Mr. Claypool with Mr. Leonard W. Hall.

Mr. Fitzpatrick with Miss Summer of Illinois.

Mr. Davis of Tennessee with Mr. Winter.

Mr. O'Toole with Mr. Howell.

Mr. Beam with Mr. Jarrett.

Mr. Harter with Mr. Talbot.

Mr. Bryson with Mr. Tinkham.

Mr. Holbrook with Mr. Vorys of Ohio.

Mr. Pearson with Mr. Welch.

Mr. Walter with Mr. Buckler of Minnesota.

Mr. Worley with Mr. Marcantonio.

Mr. O'Brien of Michigan with Mr. Bradley of Pennsylvania.

Mr. Ellis with Mr. Harrington.

Mr. Plauché with Mr. Buckley of New York.

Mr. Jacobsen with Mr. Ramsay.

Mr. Byrne with Mr. Scanlon.

Mr. Smith of Washington with Mr. Capozzoli.

Mr. Davis of Ohio with Mr. Casey of Massachusetts.

Mr. Schuetz with Mr. Dickstein.

Mr. Schaefer of Illinois with Mr. Lyndon B. Johnson.

Mr. Kelley of Pennsylvania with Mr. Celler.

Mr. Chapman with Mr. Kramer.

Mr. Shannon with Mr. Cole of Maryland.

Mr. Sheppard with Mr. Lynch.

Mr. Tolan with Mr. Edmiston.

Mr. Schulte with Mr. Klein.

Mr. Kocialkowski with Mr. Sheridan.

Mr. Sweeney with Mr. Smith of West Virginia.

Mr. Lane with Mrs. O'Day.

Mr. Elliot of Massachusetts with Mr. Faddis.

Mr. Maciora with Mr. Thom.

Mr. Leavy with Mr. Fitzgerald.

Mr. Magnuson with Mr. Dies.

Mr. Kelly of Illinois with Mr. Somers of New York.

Mr. Merritt with Mr. Smith of Pennsylvania.

Mr. Maciejewski with Mr. Myers of Pennsylvania.

Messrs. CASE, O'CONNOR, RANKIN, SIKES, and WHEELCHER changed their votes from yea to nay.

Messrs. SPRINGER, CARTER, and HILL of Washington changed their votes from nay to yea.

The doors were opened.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

COMMITTEE ON MILITARY AFFAIRS

Mr. MAY. Mr. Speaker, I ask unanimous consent that the Committee on Military Affairs may sit during the sessions of the House this week.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky [Mr. MAY]?

There was no objection.

EXTENSION OF REMARKS

Mr. RANKIN of Mississippi. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial from the Philadelphia Inquirer.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi [Mr. RANKIN]?

There was no objection.

Mr. HOUSTON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a statement of the program of the Farm Security Administration in Kansas.

The SPEAKER. Is there objection to the request of the gentleman from Kansas [Mr. HOUSTON]?

There was no objection.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on two subjects and to include therein certain excerpts.

The SPEAKER. Is there objection to the request of the gentleman from Texas [Mr. PATMAN]?

There was no objection.

Mr. DOMENGEAUX. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a statement on the Florida ship canal.

The SPEAKER. Is there objection to the request of the gentleman from Louisiana [Mr. DOMENGEAUX]?

There was no objection.

Mr. ARNOLD. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a radio address delivered on yesterday by Attorney A. K. Swann on the subject, What Contribution Illinois Can Make Toward the War Effort, Provided Oil-Drilling Restrictions Are Lifted.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a memorial address delivered in my district by my colleague the gentleman from California [Mr. COSTELLO].

The SPEAKER. Is there objection to the request of the gentleman from West Virginia [Mr. RANDOLPH]?

There was no objection.

Mr. CASE of South Dakota. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein certain correspondence with the War Production Board on the subject of gasoline rationing for farmers.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota?

There was no objection.

Mr. COFFEE of Washington. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on two topics, in one to include some short newspaper articles referring to Justice William O. Douglas, and in another to include a letter from a constituent.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

The SPEAKER. Under a previous order of the House, the gentleman from Missouri [Mr. PLOESER] is recognized for 20 minutes.

PERMISSION TO ADDRESS THE HOUSE

Mr. PLOESER. Mr. Speaker, I yield back my time today and ask unanimous consent that on tomorrow, at the conclusion of the legislative program of the day and following any special orders heretofore entered, I may be permitted to address the House for 20 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The SPEAKER. Under a previous order of the House, the gentleman from Montana [Mr. O'CONNOR] is recognized for 15 minutes.

DISTRIBUTION OF PURCHASING POWER

Mr. O'CONNOR. Mr. Speaker, the President addressed the Congress in joint session in January 1937, and among other things made this statement:

One-third of the American people are ill-housed, ill-fed, and ill-clothed.

He never uttered truer words. Up to that point it is conceded that there was something radically wrong with our economic system. In order for this country to become a world power and furnish leadership in democracy we must make the much talked of four freedoms work in America. Freedom from want had

not been established in this country when the President spoke the words quoted. We cannot hope to have the downtrodden nations of the world look to us as their savior or look to us for guidance in their social and economic lives unless we place our country in a position where all will have equal opportunities and where none is ill-fed, ill-housed, or ill-clothed.

It is popular these days to quote Winston Churchill, the Prime Minister of Great Britain. He is reported as saying in 1937:

There is one way above all others in which the United States can aid the European democracies. Let her regain and maintain her normal prosperity. A prosperous United States exerts, directly and indirectly, an immense beneficial force upon world affairs. A United States thrown into financial and economic collapse spreads evil far and wide and weakens France and England just at the time when they most need to be strong.

We appropriated billions of dollars from 1933 up until the time we became involved in this war for peacetime relief. We had not answered the demand for world leadership asked by the European democracies. We had not attained normal prosperity in this country. Our national income now, of course, will be greatly increased by our war effort, but this wartime prosperity does not reach all peoples. When the war is over the materials which we have been making will be of little value to our people in normal pursuits. We cannot use them. In other words, on the conclusion of the war we will be faced with the same condition economically as we were when we went into the war, with the added huge indebtedness and the returning soldiers, many of whom will be sick and injured and in need of medical care.

You cannot blame countries like India and Burma for not enthusiastically embracing the extended arms of protection of Great Britain and ourselves when we have been unable to answer the problems confronting our own people.

I am going to refer specifically to our own economic shortcomings, and that is as our present system affects the elderly people of this country. It is traditional among the Chinese that they revere their elders. They cherish the advice and counsel of their elders, whereas in our country we scarcely give them the consideration that we do a retired horse or mule at the end of its active service.

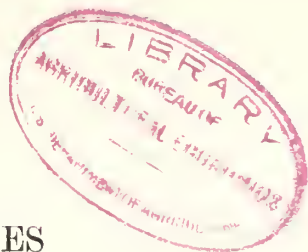
We have deliberately neglected the aged and needy of this country, many of whom today are living in poverty. What little that is provided by the social-security program is taken away by rising prices and they are left in want when the end of the month rolls around.

Governments fail in their purpose if they do not work for the good of all, and provide a way of getting the material resources of the country into the hands of all the people to the end that the people might be provided the common necessities of life. We must at the same time guard against any governmental policy which would in the end lose for these people their rights and privileges of freedom.

Sooner or later, and we hope it will be sooner, Japan, Germany, and Italy will

Sum A

H. R. 6682



IN THE SENATE OF THE UNITED STATES

JUNE 4, 1942

Read twice and referred to the Committee on Finance

AN ACT

To suspend in part the processing tax on coconut oil.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 2470 (a) (2) of the Internal Revenue Code is
4 hereby suspended: *Provided*, That if the President after re-
5 ceipt by him of a request from the Government of the Com-
6 monwealth of the Philippine Islands that the suspension of
7 section 2470 (a) (2) be terminated, shall find that ade-
8 quate supplies of copra, coconut oil, or both, the product
9 of the Philippine Islands, are readily available for process-
10 ing in the United States, he shall so proclaim; and thirty
11 days after such proclamation, the suspension of section 2470
12 (a) (2) of the Internal Revenue Code, shall terminate.

13 SEC. 2. This Act shall become effective the day following
14 its enactment.

Passed the House of Representatives June 1, 1942.

Attest:

SOUTH TRIMBLE,

Clerk.

77TH CONGRESS
2^D Session

H. R. 6682

AN ACT

To suspend in part the processing tax on
coconut oil.

JUNE 4, 1942

Read twice and referred to the Committee on Finance

PROCESSING TAX ON COCONUT OIL

HEARING

BEFORE A

**SUBCOMMITTEE OF THE
COMMITTEE ON FINANCE
UNITED STATES SENATE**

SEVENTY-SEVENTH CONGRESS

SECOND SESSION

ON

H. R. 6682

**AN ACT TO SUSPEND IN PART THE PROCESSING
TAX ON COCONUT OIL**

JUNE 25, 1942

Printed for the use of the Committee on Finance



**UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1942**

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PROCESSING TAX ON COCONUT OIL

THURSDAY, JUNE 25, 1942

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON FINANCE,
Washington, D. C.

The subcommittee met, pursuant to call, at 10 a. m., in room 312, Senate Office Building, Senator Harry F. Byrd, chairman, presiding. Senator BYRD. Gentlemen, we will come to order.

The purpose of this meeting is to consider the bill H. R. 6682. (H. R. 6682 is as follows:)

[H. R. 6682, 77th Cong., 2d sess.]

An Act To suspend in part the processing tax on coconut oil

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2470 (a) (2) of the Internal Revenue Code is hereby suspended: Provided, That if the President after receipt by him of a request from the Government of the Commonwealth of the Philippine Islands that the suspension of section 2470 (a) (2) be terminated, shall find that adequate supplies of copra, coconut oil, or both, the product of the Philippine Islands, are readily available for processing in the United States, he shall so proclaim; and thirty days after such proclamation, the suspension of section 2470 (a) (2) of the Internal Revenue Code, shall terminate.

SEC. 2. This Act shall become effective the day following its enactment.

Passed the House of Representatives June 1, 1942.

Attest:

SOUTH TRIMBLE, Clerk.

Senator BYRD. We will hear first from Mr. Allan R. Rosenberg, the Board of Economic Warfare, General Counsel's Office.

STATEMENT OF ALLAN R. ROSENBERG, GENERAL COUNSEL'S OFFICE, BOARD OF ECONOMIC WARFARE

Senator BYRD. Will you identify yourself to the stenographer?

Mr. ROSENBERG. My name is Allan R. Rosenberg. I am an attorney in the office of the General Counsel of the Board of Economic Warfare. I speak as an attorney who is somewhat familiar, generally familiar, with the subject but not as an expert on coconut oil. I am authorized to say, however, that the Board of Economic Warfare endorses H. R. 6682 and hopes for its speedy enactment as a measure to aid in winning the war.

The bill is really a very simple measure. In 1934 there was enacted a law, now section 2470 of the Internal Revenue Code, which imposed a tax of 3 cents on the first domestic processing of coconut oil, palm oil, palm kernel oil and derivatives; in addition a 2-cent tax was placed on the processing of coconut oil and its combinations, except that coconut oil that was the product of the Philippines, or derived

from materials produced in the Philippines, was excepted from that additional 2-cent tax.

The result of that additional 2-cent tax on non-Philippine oil was to give the Philippines a monopoly and to bar the importation of coconut oil, or copra from non-Philippine sources. The 1940 total imports of coconut oil was 758,000,000 pounds, approximately, of which approximately 730,000,000 pounds came from the Philippine Islands. So that the law operated, as it was intended to operate, to bar oil from non-Philippine sources and to give the Philippines a monopoly.

Now, with the fall of the Philippines, the reason for the law has disappeared. No coconut oil or coconut oil in the form of copra has come from the Philippines. On the other hand, oil from the non-Philippine sources is barred by virtue of this 2 cents additional tax, under the present price ceiling.

The price ceiling is based on the 3-cent tax and not on the additional 2-cent tax. As I understand it, the ceiling in New York is calculated on the basis of 8.32 cents per pound, plus the 3-cent tax, not the 5-cent tax. The result is that the imports of copra for processing have almost entirely fallen off. None is available from the Philippines, and the 2-cent additional tax bars it from non-Philippine sources.

The bill, H. R. 6682, would remove this additional 2-cent tax, but would leave the basic 3-cent tax. It would place the non-Philippine coconut oil in exactly the same competitive position, as far as the tax is concerned, as was formerly held by the Philippine copra, prior to the fall of the Philippines. It would give no advantage to consumers of coconut oil, or copra, which they did not have before the fall of the Philippines. Indeed, since there is a considerably less amount of copra available than was formerly consumed or imported from the Philippines, there would be a disadvantage in quantity, but there would be no competitive advantage so far as the tax is concerned, that the consumers did not have before the Philippines fell.

Now, this is a wartime measure, lasting only for the duration of the war. You will note that the termination date is—

that if the President after receipt by him of a request from the Government of the Commonwealth of the Philippine Islands, that the suspension of section 2740 (a) (2) be terminated, shall find that adequate supplies of copra, coconut oil, or both, the product of the Philippine Islands, are readily available for processing in the United States, he shall so proclaim.

My understanding of the reason for the formulation of the termination date in those words is that it was intended as a measure of protection to the Philippine Islands and as a measure of protection to the United States. The Philippine Islands may come back in on this import of coconut oil when they have supplies available for processing, not merely such supplies as they deem adequate, but such supplies as the President, by proclamation, shall deem adequate.

Senator BYRD. What it means, in effect, is when it is possible to resume the shipments, the suspension then is terminated? I mean it is a question now of obtaining the oil?

Mr. ROSENBERG. That is right, when it is readily available for processing in the United States.

Senator BYRD. The ordinary language with respect to the termination of the war is when the shipments can be resumed?

Mr. ROSENBERG. Yes, sir.

Senator BYRD. That is the effect of it?

Mr. ROSENBERG. Then they have the benefit of the 2-cent additional tax.

Senator GERRY. What you really do is you take the 2-cent tax off which was put in in favor of the Philippines, in order to give them a monopoly?

Mr. ROSENBERG. That is right. The basic 3-cent tax remains.

Senator GERRY. Then you leave the basic 3-cent tax that the Philippine Islands had to pay anyway, don't you?

Mr. ROSENBERG. That the processor had to pay on imports from the Philippines.

Senator GERRY. That the processor had to pay on imports from the Philippines?

Mr. ROSENBERG. That is right. He has to pay exactly the same under this bill as he had to pay when he imported Philippine coconut oil or copra. Coconut oil is needed in the war effort. I do not speak as an authority on this, but I am informed that the coconut oil itself is used—or the higher alcohols derived from coconut oil are used—for the manufacture of synthetic rubber.

Senator GERRY. Isn't it also used in nitroglycerin for the manufacture of munitions, and also used in the manufacture of medicines?

Mr. ROSENBERG. That is right. As I understand, it is used for nitroglycerin; it is used by the British for cordite as an explosive; it is used by the Russians as ammunition, and of course we are shipping large quantities of glycerin abroad to the United Nations.

Senator GERRY. It is used medicinally very largely?

Mr. ROSENBERG. I am not familiar with that. It is used also as protective coating for ordnance, as an alkyd resin essential for the war effort. It is used as coconut oil derivative for shatterproof glass in airplanes. So it has distinct war uses.

Senator TAFT. What percentage goes into soap? It does go into soap; does it not?

Mr. ROSENBERG. It does go into soap, but the glycerin is recovered in the process of making soap, and that glycerin is used for nitroglycerin and the war uses I mentioned. The coconut oil itself is also used, but the largest part of the coconut oil goes into the manufacture of soap from which glycerin is derived and that, in turn, gives us the glycerin for war purposes. The recovery of glycerin from coconut oil is 25 or 30 percent higher than from most other oils except the Babassu nut oil and the palm kernel oil used for the same purposes. That means shipping space is saved when you use this high recovery oil. It also means it is less of a drain on domestic oils, because you get more glycerin from coconut oil than from domestic oils and we need domestic edible oils for lend-lease and domestic consumption.

Senator GERRY. What is the amount of the shortage of oil cake?

Mr. ROSENBERG. I do not know of any overall shortage of oil cake for domestic use.

Senator GERRY. It says here they make it in California.

Mr. ROSENBERG. There is a preference for coconut oil cake in some parts of California.

Senator TAFT. You cannot get rid of cottonseed cake.

Mr. ROSENBERG. Yes. Now, because the amount of coconut oil, or copra, rather, that can be imported from non-Philippine

sources is only a fraction of what was imported from the Philippines, and even a smaller fraction of what we need for these war purposes, there would, in all likelihood, be no effect on the domestic market.

In addition to that, there is an order by the War Production Board called M-60 which I would like, if I may, to introduce in evidence and to show to you, if you care to see it, which prohibits the use of coconut oil except for glycerin-producing processes as you will see from paragraph (B) on the first page at the bottom, paragraphs (B) (i) and (ii), reading as follows:

(B) *Restrictions on use*—(1) *Prohibitions on use*. Hereafter, except as provided by paragraph (b) (3) hereof, the use or consumption by any person of high lauric acid oils in the following manufactures, processes or uses is prohibited:

- (i) Any manufacture, process or use in which glycerin is not produced;
- (ii) Any manufacture or process in which glycerin is produced where the amount of glycerin (whether free or combined) remaining in the product exceeds 1.5 percent calculated on an anhydrous soap basis and where the remainder of the glycerin is not at least 90 percent recovered.

Now, in paragraph (3), subparagraph (iv), it states:

(iv) Notwithstanding the provisions of subparagraphs (i), (ii), and (iii) of this paragraph (b) (3), no person shall use or consume high lauric acid oils in the manufacture of any margarine, shortening, or cooking fat.

That means, as I understand this order—and again speaking generally—that the use of coconut oil is prohibited for edible purposes and is directed entirely toward the production of glycerin, that is within certain limitations set up in the rest of the order. It is designed to take it out of competition on the one hand with domestic oils and, on the other hand, to conserve its use for war purposes.

(Order M-60 of the War Production Board is as follows:)

The fulfillment of requirements for the defense of the United States has created a shortage in the supply of Coconut Oil, Babassu Oil, Palm Kernel Oil, and other high lauric acid oils as herein defined for defense, for private account and for export; and the following Order is deemed necessary and appropriate in the public interest and to promote the national defense:

1037.1 GENERAL PREFERENCE ORDER M-60.

(a) *Definitions*.—For the purposes of this Order: (1) "High Lauric Acid Oils" means Coconut Oil, Babassu Oil, Palm Kernel Oil, and all other oils having a lauric-acid content of thirty-five percent (35%) or higher, whether crude, refined, bleached, or deodorized.

(2) "Inventory" of a person with respect to high lauric-acid oils means: (i) The high lauric-acid oil content of copra and other seeds and nuts from which high lauric-acid oils are obtained;

(ii) High lauric-acid oils, whether crude, refined, bleached or deodorized,

(iii) The high lauric-acid oil content of all mixtures and blends of which such oils are a part;

(iv) The high lauric-acid oil equivalent of all fatty acids and acidulated soapstocks and of all mixtures and blends of such fatty acids and acidulated soapstocks;

(v) All material as aforesaid to or in which such person has any title or equity of redemption or which he has purchased for future delivery;

(vi) The inventory, as above defined, of affiliates and subsidiaries of such person.

(3) "Inventory Quota" of a person means twenty-five percent (25%) of a person's inventory on the inventory date. In the event that through circumstances beyond the control of such person any material in a person's inventory for which a contract of purchase existed on the inventory date is in whole or in part not delivered to such person, his inventory quota as of such date shall be adjusted accordingly.

(4) "Inventory Date" means the close of business on the day prior to the date of issuance of this Order.

(B) *Restrictions on use*—(1) *Prohibitions on use*.—Hereafter, except as provided by paragraph (b) (3) hereof, the use or consumption by any person of high lauric-acid oils in the following manufactures, processes or uses is prohibited:

- (i) Any manufacture, process, or use in which Glycerine is not produced;

"(ii) Any manufacture or process in which Glycerine is produced where the amount of Glycerine (whether free or combined) remaining in the product exceeds one and five tenths percent (1.5) calculated on an anhydrous soap basis or where the remainder of the Glycerine is not at least ninety percent (90%) recovered."

(2) *Curtailment of amount of use.*—No person shall hereafter in any calendar month beginning with March 1942 saponify, or put in the process of saponification, any high lauric acid oils or any fatty acids derived in whole or in part from such oils in a quantity, in terms of oil or of oil equivalent, in excess of seventy-five percent (75%) of one-twelfth of such oils or fatty acids saponified or put in the process of saponification by him in 1941.

(3) *Permitted uses for a limited period.*—(i) During March 1942 any person may use or consume high lauric acid oils in any manufacture, process or use in an amount not exceeding one hundred percent (100%) of one-twelfth of his use or consumption of such oils in such manufacture, process or use in 1941, and during each of the months April and May 1942 any person may use or consume such oils in any manufacture, process, or use in an amount not exceeding fifty percent (50%) of one-twelfth of his use and consumption of such oils in such manufacture, process or use in 1941.

(ii) During each of the months June and July 1942 any person may use or consume high lauric acid oils in the manufacture of any edible product not exceeding fifty percent (50%) of his use or consumption of such oils in such manufacture during the corresponding month of 1941, and during each of the months August and September, 1942 any person may use or consume such oils in the manufacture of any edible product in an amount not exceeding twenty-five percent (25%) of his use and consumption of such oils in such manufacture during the corresponding month of 1941.

(iii) Any person may use or consume Tucum and Muru-muru oils in the manufacture of any edible product, without limitation as to the time of such use and, except as provided in paragraph (d) hereof, without limitation as to the quantity of such use.

(iv) Notwithstanding the provisions of subparagraphs (i), (ii), and (iii) of this paragraph (b) (3), no person shall use or consume high lauric acid oils in the manufacture of any margarine, shortening, or cooking fat. [(3), as amended May 11, 1942.]

4. *Reports of unusable oils.*—Any high lauric acid oils at any time remaining in the hands of any person which by reason of any of the provisions of this paragraph (b) may not be used or consumed by him shall be reported to the War Production Board, Washington, D. C., Ref: M-60 for disposition.

(c) *Restrictions on processing.*—No person shall hereafter process or change the condition of any high lauric acid oils in preparation for any manufacture or use permitted by this order except to the extent necessary for such preparation and then only in such quantities as may be necessary to meet his normal production schedule or, if such oils are to be manufactured or used by another person, then the normal production schedule, of such other person, insofar as either such schedule is not in violation of paragraph (b) (3) hereof.

(d) *Withholdings of high lauric acid oils.*—(1) Every person who on the inventory date has an inventory in an amount in the aggregate in excess of 30,000 lbs. by weight of oil or oil content or equivalent, shall set aside his inventory quota and shall continue to hold such quota subject to the direction of the Director of Industry Operations. The quotas of all such persons shall provide the source for the allocation of high lauric acid oils to the extent that the Director of Industry Operations may determine that substitutes for such oils cannot be found and that the use of such oils is indispensable and essential for defense purposes; and such quotas shall also constitute a reserve supply of such oils.

(2) The inventory quota so directed to be set aside shall, insofar as possible, be composed of crude whole oils. Such quota shall be used, put in process, sold, or delivered only upon express instruction of the Director of Industry Operations, except that this paragraph (d) (2) shall not be construed to prevent the crushing of copra or other seeds or nuts nor to prevent changing the condition of the oils so set aside to the extent necessary to prevent deterioration while carried in inventory.

(3) On or before April 15, 1942, every person subject to the terms of paragraph (d) (1) hereof and every person who on the inventory date had in his possession or under his control in excess of 30,000 lbs. of high lauric acid oils including, in terms of high lauric acid oil content, any copra or other nuts or seeds, mixtures, blends, fatty acids, and acidulated soap stocks, but whether or not owned or under

contract or purchase, shall report to the War Production Board on Form PD-354, listing among other things such person's inventory as of the inventory date, the composition thereof, the amount of such person's inventory quota and the form in which held, and in case of material which on the inventory date was not owned by such person or was under contract of sale to another, the name of the owner or vendee thereof.

(e) *Restrictions on sales and deliveries.*—No person shall sell, or directly or indirectly deliver or cause to be delivered, any high lauric acid oils for any use prohibited by paragraph (b) hereof nor for any use in greater quantities than are permitted by paragraph (b) (3) hereof nor in violation of paragraph (d) hereof, and no person shall accept deliveries of any high lauric acid oils for any prohibited use or for any greater quantities or proportions than for permitted consumption.

(f) *Miscellaneous provisions.*—(1) *Applicability of Priorities Regulation No. 1.*—This Order, and all transactions affected thereby, are subject to the provisions of Priorities Regulation No. 1 [p. 30, 901] (Part 944), as amended from time to time except to the extent that any provision hereof may be inconsistent therewith, in which case the provisions of this Order shall govern.

(2) *Intracompany transactions.*—The prohibitions or restrictions contained in this Order with respect to deliveries shall, in the absence of a contrary direction, apply not only to deliveries to other persons including affiliates and subsidiaries, but also to deliveries from one branch, division, or section, of a single enterprise, to another branch, division, or section, of the same or any other enterprise owned or controlled by the same person.

(3) *Violations.*—Any person affected by this Order, who violates any of its provisions, or a provision of any other Order, direction, or regulation issued by the Director of Industry Operations, may be prohibited by the Director from making or receiving further deliveries of high lauric acid oils, or of any other material subject to allocation, or he may be subjected to any other or further action which the Director may deem appropriate.

(4) *Appeals.*—Any person affected by this Order who considers that compliance therewith would work an exceptional and unreasonable hardship upon him, or that it would result in a degree of unemployment which would be unreasonably disproportionate compared with the amount of high lauric acid oils or of glycerine conserved, or that compliance with this Order would disrupt or impair a program of conversion from nondefense to defense work, may appeal to the War Production Board, Washington, D. C., Reference: M-60, setting forth the pertinent facts and the reason he considers he is entitled to relief. The Director of Industry Operations may thereupon take such action as he deems appropriate.

(5) *Effective date.*—This Order shall take effect immediately and shall continue in effect until revoked by the Director of Industry Operations.

(P. D. Reg. 1, amended Dec. 23, 1941, 6 F. R. 6680; W. P. B. Reg. 1, Jan. 26, 1942, 7 F. R. 561; E. O. 9024, Jan. 16, 1942, 7 F. R. 329; E. O. 9040, Jan. 24, 1942, 7 F. R. 527; sec. 2 (a), Pub. Law 671, 76th Cong., 3d Sess., as amended by Pub. Law 89, 77th Cong., 1st Sess.)

Issued this 20th day of March 1942.

MR. ROSENBERG. I think there was some confusion in the debate in the House on this. Perhaps I am mistaken, but my impression was that it derived from the House report itself. On page 1 of the House report it is stated that—

In 1934 there was enacted a provision, now section 2470 (a) (2), of the Internal Revenue Code, which imposes on the first domestic processing of coconut oil a tax of 2 cents per pound.

In fact, the tax was 3 cents a pound plus an additional 2-cent tax.

Coconut oil obtained from copra produced in the Philippine Islands is exempt from this 2-cent tax.

Well, it is exempt from the additional 2-cent tax. Now, the impression may have been given by this formulation of the effect of the law that all the taxes were being removed, all the processing taxes were being removed on coconut oil, which of course is not the fact. The basic 3-cent tax remains on all coconut oil, the same tax that was applied before the Philippines fell. So I would suggest, if I may, if

there is to be a revision of this report, or if the confusion that may have stemmed from it is to be cleared up, that after the words "a tax of" in line three of the second paragraph under "General statement" of the House report, there appear the words "3 cents per pound and an additional tax of 2 cents per pound on non-Philippine coconut oil", and that the words "2 cents per pound" be eliminated. And similarly in the next sentence, the word "additional" be inserted between the word "this" and the words "2-cent tax". That is just to make it clear that this tax that is being suspended by H. R. 6682 is an additional tax, that the basic tax is not being removed.

Senator TAFT. I do not quite understand. If it is a good thing to take off the 2-cent tax, why not the 5-cent tax? What is the difference?

Mr. ROSENBERG. I am not competent to speak on the relation between the prices and ceilings of the various oils. As I understand it, however, the ceiling of approximately 11 cents placed on coconut oil in New York is based on this 3-cent tax, and it has a certain relation to the other oils. To remove that 3-cent tax might give them a competitive advantage which they never had before, and perhaps will give them advantage that they should not have. I am not competent to speak on that.

Senator TAFT. The theory is the 2-cent tax can be taken off without reducing the price of other oils?

Mr. ROSENBERG. The removal of the 2-cent tax puts coconut oil back in the same competitive position that it had with respect to all the other oils before the Philippines fell, and all the oil in the form of copra which was imported at that time, practically all of it, came from the Philippines and had a certain competitive position. This 2-cent additional tax that went into effect when we could not get oil from the Philippines threw the competitive situation out of line. Whether, if you also take the 3-cent tax off, it will affect the normal relationship of prices I am not competent to say.

Senator BYRD. Would you suggest an amendment, Mr. Rosenberg, to the bill?

Mr. ROSENBERG. No; I would not. I suggest an amendment to the House report.

Senator TAFT. Do you know whether there is a tariff on coconut oil?

Mr. ROSENBERG. There is a tariff of 2 cents a pound on coconut, which does not apply in the case of the Philippines up to the 200,000-ton quota. I have the reference to that, if you like.

Senator TAFT. I mean copra imported from Africa.

Mr. ROSENBERG. Copra is duty-free.

Senator TAFT. What proportion is imported in the form of coconut oil?

Mr. ROSENBERG. From Africa, almost all is imported in the form of copra. The crushing mills are here.

Senator TAFT. There are no crushing mills there?

Mr. ROSENBERG. That is right.

Senator TAFT. In the Philippines was it nearly all oil?

Mr. ROSENBERG. No; it was mostly copra. I think there was some oil.

Senator TAFT. And there was a 2-cent tax on oil but nothing on copra?

Mr. ROSENBERG. A 2-cent tariff.

Senator TAFT. An import tax?

Mr. ROSENBERG. Yes; except for the 200,000 tons from the Philippines.

Senator BYRD. Of course, as the reports states, the purpose of it was to give the Philippines a monopoly.

Mr. ROSENBERG. That is right. So I think in the war situation, as it has turned out, the reason for the imposition of this tax no longer exists, and there are, in fact, urgent reasons for removing the tax. The processing of copra has come to a stop because it is impossible economically to process it with the additional 2 cents tax which this bill seeks to remove.

So, speaking for the Board of Economic Warfare, I urge the removal of the tax.

Senator TAFT. Is the copra coming in through private hands or the R. F. C.?

Mr. ROSENBERG. I am not entirely familiar with that situation, Senator Taft. Perhaps you could get a more authoritative answer from people who deal with it, who are to follow.

Senator BYRD. Anything further, Mr. Rosenberg?

Mr. ROSENBERG. No, sir.

Senator BYRD. Thank you very much.

STATEMENT OF HON. MERLIN HULL, UNITED STATES REPRESENTATIVE FROM WISCONSIN

Mr. HULL. My name is Hull. I represent the Ninth District of Wisconsin.

Senator BYRD. You may proceed.

Mr. HULL. Mr. Chairman, and gentlemen. I represent a large dairy district in Wisconsin, and this coconut oil question has been before us for a good many years. We have felt that the importation of coconut oil, particularly when it was so largely used in the manufacture of oleomargarines, was an unfair competition for our butter product.

Now, this bill is very adroitly drawn, and to my notion and to that of many dairymen of Wisconsin, would effect the permanent repeal of the 2-cent tax on coconut oil coming from other sources than the Philippine Islands. You notice the provision in this bill—The President may terminate and suspend the law, which will be H. R. 6682 if this is passed, only upon request of the Commonwealth of the Philippine Islands.

Now, we do not believe that this bill is necessary as a war measure notwithstanding the fact that it has been promoted in the House, and apparently is being proposed here as such a measure.

We do not believe the taking off of the 2-cents-a-pound-tax on coconut oil will affect the situation as to the manufacture of glycerin in any way whatsoever. It that is all there is to it, it is easy enough to get the tax paid and bring the oil in to manufacture the glycerin.

If this bill passes then we have got to start another long drawn-out fight, covering a long term of years, on the part of the dairymen, on the part of the soybean raisers, the cottonseed producers, and others, to restore the very feature of the law which is now in force and effect.

Senator TAFT. What would you think about amending the first section so as to read, "that section 2470 (a) (2) of the Internal Revenue

Code is hereby suspended until" a fixed date "June 30, 1944",—something of that sort?

Mr. HULL. I do not like to see it suspended at all, but that will be preferable to this provision, which would leave the suspension entirely in the hands of the Commonwealth of the Philippine Islands. That part of the bill is certainly subject to objection on our part.

Then, there is another feature about this matter, and that is that since this tax has been put on we have developed in the Middle West and in the South steadily increasing production of cottonseed and soybean oils. We have a new industry in my State, in Illinois a much larger industry, and some in Indiana and some in Ohio. It will expand the production of soybeans by millions of acres. The mills are now established and they are manufacturing soybean oil, and soybean cake from that product.

Then a change has taken place in the oleomargine industry and they are using far more cottonseed oil than they formerly used when they brought in the coconut oil without the tax. We feel that this would restore that unfair competition which we have had for years.

Another particular objection I have to the enactment of this measure is the cost to the Government in addition to the damage it might do to the soy bean and cottonseed producers of this country. I understand that back of this bill lies the importation of practically 100,000 tons or 200,000,000 pounds of coconut oil.

I understand further—I am not an authority on this subject, but that is just my general understanding from talking with people who are interested in this measure—that this bill has the support of a syndicate which proposes to bring that coconut oil into this country, and if they bring it in they are going to have a reduction in their revenue tax of \$4,000,000.

Now, about 14 percent, I am informed, of coconut oil is made into glycerin. In other words, if we bring in 100,000 tons from various tropical sources we shall have about 14,000 tons of glycerin obtainable from that coconut oil. On the other hand, there is going to be 86,000 tons of residue that will not be made into glycerin at all. The cost of 14,000 tons of glycerin, with the price fixed at 11½ cents a pound by Mr. Henderson's bureau, would amount to approximately \$3,220,000, on which we would have a reduction of \$4,000,000 in Federal revenues. Now, it does not seem to me that at this time, when we are trying to add to revenues instead of taking from them, we ought to strike out \$4,000,000 of revenue to the Treasury Department in order to get this oil. If it is going to be brought in, let them pay the tax just as they have been doing, and let the Government get the benefit of it.

There are large soap companies in this country which will manufacture the larger part of this glycerin. It is a byproduct. Ordinarily, among the smaller companies in particular I am informed that glycerin is run into the sewer after they use the oil for soap-making purposes.

Now, if this bill goes through we are going to grant to the large soap companies a reduction of \$40 per ton on short tons, on 86,000 tons of coconut oil. That reduction will amount to, then, on that part of the product, \$3,440,000. This bill just does not seem logical to me. It does not seem to me it is properly described as war measure, but it is a measure which, if it is passed, will bring up again to the farmers of this country, especially those producing vegetable

oils and dairy products, the fight we had for years before we obtained this tax.

I do not want to take any more of your time, but I object to the bill; and I hope your committee, in case you determine to pass it, will strike the provision that will leave the control of it in the hands of the Commonwealth of the Philippine Islands. I hope, therefore, that the bill will not be passed. I do not believe it is necessary. I think that if 2 cents a pound revenue is all that stands between the supply of ammunition and the supply of glycerin to foreign countries, that it is a very inconsequential matter.

Senator TAFT. I do not quite see, if this is merely a temporary measure, why it should be made only temporary. We are in no way injuring the industry, as we would be if we were still importing copra from the Philippines. They have had that competition right along, and the increase in soybean production of course is more than taken up by the war demands for soybean oil, apparently. So that I do not quite see why this should not be temporarily suspended. So instead of getting however many tons from the Philippines at 3 cents tax we get now a lesser amount from other sources at a 3-cent tax.

Mr. HULL. It brings on that old fight again, after the war is over, to get the tax restored.

Senator TAFT. I understand your argument as to why the suspension should have a definite termination other than just the request of the President. I mean, apart from that, supposing we get it down to a temporary suspension, for a definite period in which the renewal would then come up?

Mr. HULL. Even then we are going to reduce the revenues \$4,000,000. That is, we are going to buy \$3,420,000 worth of glycerin for war purposes, and the Government is going to lose in revenue \$780,000 more than the glycerin is actually going to cost. Now, if they need the glycerin, I want to see them get it the same as anybody else.

I do not speak about soybean oil only. In our section in the West, and possibly in Ohio, millions of additional acres have been devoted to soybeans and in the South millions of acres have been added to the production of peanuts for their oil content. We are going to have more oil cake than is needed from cottonseed and soybean oil.

Furthermore, there was an argument put up in the House that this was necessary for the dairymen in order to obtain the coconut-oil cake. I have been interested in dairying all my life, and I never heard of a farmer who ever fed a pound of coconut oil in the whole State. I do not believe they ever did.

Are there any other questions, gentlemen?

Senator BYRD. Thank you very much.

The committee will suspend until the whole committee meets. (Whereupon, the subcommittee suspended for a few minutes; after which the hearing was resumed.)

Senator BYRD. The subcommittee will resume.

Mr. Ryder.

STATEMENT OF OSCAR B. RYDER, VICE CHAIRMAN, UNITED STATES TARIFF COMMISSION

Mr. RYDER. The Tariff Commission, Senator, on February 7, wrote to the Bureau of the Budget, who made inquiry of us as to our opinion on the bill, and we wrote the following:

We have examined the proposed bill and find no objection to it on any score. The passage of such a bill would greatly facilitate the importation into the United States of copra, of which there is now a severe shortage. The United States Treasury would incidentally benefit, too, inasmuch as the proceeds of the processing taxes collected on coconut oil derived from non-Philippine imports would be retained by this Government.

As you know, the Philippines have had a practical monopoly of the market for coconut oil by virtue of the preferential processing tax treatment they have been accorded. However, now that the Philippines are no longer in a position to supply that market, they derive no benefits from that preference; but in consequence of it, United States buyers are placed at a serious disadvantage in purchasing the limited amounts of non-Philippine copra, which are still available in the world market. So long as the processing tax on coconut oil derived from non-Philippine copra is 5 cents per pound and the corresponding tax on the principal competing oils derived from foreign materials is only 3 cents a pound or less, the United States importers cannot hope to buy much non-Philippine Copra in competition with foreign buyers whose countries do not impose discriminatory taxes on this raw material or on the coconut oil which is derived from it.

The elimination of the 2 cents per pound discriminatory processing tax on coconut oil derived from non-Philippine copra is clearly indicated. The Philippines would not be injured by such action, and would not even object to it; and the United States would benefit from increased imports of copra over the present.

The question was raised a little while ago as to whether it would be advisable to take off the whole tax of 5 cents. I doubt if anyone would be injured by taking it off under existing circumstances. It would stimulate the import on much-needed copra, but it should not be done unless similar action would be taken with regard to other oils with which it competes, of course, and it would probably not be advisable to do that.

That is all that I have to say here. If the committee desires to ask detailed questions, I have Dr. Dorfman here who is the Tariff Commission economist on oils and fats, and who has been in the Philippines two or three times investigating the coconut oil situation and other matters.

Senator BYRD. Does Dr. Dorfman desire to be heard?

Mr. RYDER. If you want to ask any questions in regard to the details I would be glad to have him answer rather than I.

Senator BYRD. Thank you very much, Mr. Ryder.

Mr. RYDER. Thank you.

Senator BYRD. Mr. F. H. Rawls of the Commerce Department, the Chief of Fats and Oils Staff, Consumers' Goods and Materials Unit of Foreign and Domestic Commerce

STATEMENT OF F. H. RAWLS (REPRESENTING MR. CHARLES LUND, CHIEF, FATS AND OILS STAFF, CONSUMERS GOODS AND MATERIALS UNIT OF FOREIGN AND DOMESTIC COMMERCE, DEPARTMENT OF COMMERCE)

Mr. RAWLS. I am appearing here really representing Mr. Lund, who is in the hospital and could not be present today, for the purpose of substantiating the testimony that he gave before the House committee in which the Department favored the passage of H. R. 6682.

I would simply like to add, I heard some discussion here, and maybe, Senator, it would clarify the situation a bit as to the necessity for this bill. It is a well-known fact in all Government circles and throughout the country that the fats and oils situation is critical at the present time. In fact it is pretty well known generally that it may get into the rationing basis similar to other products.

The whole point is simply the matter of the ceiling prices. In other words, you can very well see the picture here in which the Central American territory, or Caribbean or African territory has available supplies that we possibly can draw from, but under the circumstances, with the ceiling prices we could not draw from them with the differential that exists at the present time. If you raise the price you can see the picture, you would probably upset the whole fats and oils situation throughout the country.

So I can only substantiate what I have heard some of these gentlemen speak of here, and I think it is urgent that this bill be enacted, because it will take some time, as you can well understand, to get the new sources of supply and get them moving into this country in order to meet the very, very much increased demand that we have for fats and oils.

Of course, you are familiar with the fact that over a long period of years we have been deficient producers of fats and oils. Now, we are faced not only with the deficiency for glycerin and other purposes, but also, under our lease-lend program, the urgency of getting fats and oils, which is, after all, one of our most essential products, not only from the food standpoint but from the industrial standpoint.

That is about all I can add to it, sir.

Senator BYRD. Thank you very much, Mr. Rawls.

George Wrisley, of the War Production Board.

STATEMENT OF GEORGE A. WRISLEY, CHIEF, SOAP AND GLYCERIN UNIT, WAR PRODUCTION BOARD

Senator BYRD. Will you identify yourself, please, sir?

Mr. WRISLEY. My name is George A. Wrisley, Chief, Soap and Glycerin Unit, War Production Board.

Senator BYRD. All right, sir. You want to testify, don't you, with respect to this bill?

Mr. WRISLEY. We would like to endorse the passage of this bill, because we believe that it is right and proper, all things considered, and is needed.

Senator BYRD. Is there anything you want to file with the committee, or simply make that statement?

Mr. WRISLEY. In general, I am here to answer any questions that there might be. I do not know whether I am entitled to speak in answer to Mr. Hull's statement or not?

Senator BYRD. Yes.

Mr. WRISLEY. He commented on the fact that there would be a loss of revenue of approximately \$4,000,000 if this bill became an act. That does not seem quite correct, from our point of view, in that under the present ceiling the copra could not come into this country, except, of course, if the Government needs it, when it would come in, and if the Government brought it in, well, of course it would have to be on a price basis above the ceiling which would then automatically be re-

flected in the finished cost of whatever product was necessary, and in that way you would just have a commensurately higher cost that would completely offset the \$4,000,000 excise tax that was on it.

Senator BYRD. You figure you could pass it on to the consumer, do you?

Mr. WRISLEY. Yes. Of course, the only reason one would believe it would come in would be for the irreplaceable uses, which would be in the primary war needs, which would then be automatically reflected in the increased cost to the Government of whatever the finished product was.

Senator BYRD. Thank you very much, Mr. Wisley.

Mr. Charles Davis of the Treasury Department.

STATEMENT OF CHARLES W. DAVIS, OFFICE OF TAX LEGISLATIVE COUNSEL, TREASURY DEPARTMENT

Senator BYRD. Mr. Davis, will you identify yourself, please, sir?

Mr. DAVIS. My name is Charles W. Davis. I am attorney in the Office of the Tax Legislative Counsel of the Treasury Department.

The Treasury Department offers no comment on the general policy of this bill. From the standpoint of the revenue, there is no objection since in 1940 it was slightly more than \$3,000 derived from the 5-cent tax, and in 1941 less than \$300. The removal of the 2 cents per pound additional tax may be expected to increase the revenue derived from the tax on the processing of coconut oil produced in countries other than the Philippine Islands and other United States possessions.

Senator BYRD. You do not anticipate any loss of revenue?

Mr. DAVIS. No, sir.

Senator BYRD. Thank you very much, Mr. Davis.

Mr. Victor Lea, Office of Price Administration.

Mr. WALSH. Mr. Chairman, Mr. Victor Lea was compelled to leave, and he requested me to say he would like to have his letter to the chairman of the Finance Committee placed in the record at this point in favor of the bill.

Senator BYRD. If there is no objection, that will be done.

(The letter of Mr. Victor Lea referred to is as follows:)

OFFICE OF PRICE ADMINISTRATION,
Washington, D. C., June 10, 1942.

HON. WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Washington, D. C.

DEAR SENATOR GEORGE: In accordance with our testimony before the Ways and Means Committee we wish to reiterate that we are definitely in favor of the reduction of the processing tax on coconut oil, which is derived from copra of non-Philippine origin. The Philippines are no longer the recipient of any provincial treatment which may be accorded to them through processing taxes. Nor are the Philippines in a position to supply the United States market with the raw materials from which much needed oils can be derived.

In view of these facts we feel that the reduction in the processing tax is a necessity for the current United States economy.

Sincerely yours,

VICTOR L. LEA,
Head, Fats and Oils Section, Food and Food Products Branch.

Senator BYRD. Mr. Stanley Williams of the Agriculture Department.

STATEMENT OF STANLEY P. WILLIAMS, SECRETARY, ADMINISTRATIVE COUNCIL, AGRICULTURE DEPARTMENT

Senator BYRD. Will you identify yourself, Mr. Williams?

Mr. WILLIAMS. Stanley P. Williams, Secretary, Administrative Council, Department of Agriculture. I have here, Senator, a very brief written statement that I will be glad to leave, if that is desirable.

Senator BYRD. Yes.

Mr. WILLIAMS. Perhaps you would just as soon I would dispense with any review of the facts. It is believed that the enactment of this bill should not materially affect the domestic producers, since the effective rate would be the same following the enactment of the bill as that paid heretofore on the Philippine product, but if the bill is not enacted the processors will soon be paying a 5-cent rate, since all the supplies will be from sources other than the Philippines.

As to price, it is believed that refined coconut oil would not be increased, because of O. P. A. ceilings, but if the 2-cent tax is not suspended it might be passed back to the foreign producer in lower price, and have the effect of reducing the quantities available to the United States and thus create an upward pressure against ceiling prices on domestic fats and oils.

Domestic processors, it is believed, would be benefited by the suspension, since they now face the prospect of paying a 5-cent tax, whereas O. P. A. regulations will permit the addition to the price of only 3 cents of the 5-cent tax. The ceiling at present on refined oil is 9.85 cents per pound without the tax; on crude it is 8.35, or 1½ cents difference. The suspension of the tax would more than wipe out the spread between the price of crude and refined oil. If the bill is not enacted the refiners would be forced to pay less, perhaps, for crude oil, and importers of copra and coconut oil would pay less to foreign producers. The reduced price, therefore, would tend to react unfavorably upon foreign collection of coconuts, and hence yield smaller supplies for the United States. If the bill is enacted, the present prices would, in all likelihood, prevail.

In view of these facts the Department believes that the bill should be enacted.

Senator BYRD. Thank you very much. If you desire to insert anything in the record, you are at liberty to do so.

Mr. WILLIAMS. I will leave this written statement with you here.

Senator BYRD. Very well. Without objection, it may be inserted in the record.

(The statement referred to is as follows:)

RE H. R. 6682—AN ACT TO SUSPEND IN PART THE PROCESSING TAX ON COCONUT OIL**WHAT IS PROPOSED**

Under section 2470 of the Internal Revenue Code there is at present a basic tax of 3 cents per pound on the first processing of coconut oil irrespective of geographic origin. There is an additional tax of 2 cents per pound on coconut oil coming from geographic sources other than the Philippine Islands and other possessions of the United States.

The proposed bill (H. R. 6682) would suspend the additional 2-cent tax on coconut oil from sources other than the Philippine Islands and other United States possessions until such time as the Philippines are again in a position to supply coconut oil and copra to the United States in substantial quantities, but would

retain the basic rate of 3 cents per pound on the processing of all coconut oil regardless of origin.

PROBABLE EFFECT OF THE SUSPENSION OF THE 2-CENT TAX

It should be pointed out, in the first place, that the effect of the existing statute has been to force a drastic shift in the origin of copra and coconut oil imported into the United States. Because of the differential advantage of 2 cents per pound enjoyed by the coconut oil coming from the Philippines, the bulk of our imports since the imposition of the tax has come from that source. In 1940, for example, of the 759,000,000 pounds of coconut oil and copra in terms of oil we imported into the United States, 732,000,000 pounds came from the Philippines and only 27,000,000 pounds came from other sources. Moreover most of this 27,000,000 pounds was reexported and paid no processing tax (neither the basic 3-cent rate nor the 2-cent additional rate).

Should the 2-cent additional tax be suspended, the effect would vary somewhat as among domestic producers, processors, and importers.

EFFECT UPON DOMESTIC PRODUCERS OF VEGETABLE AND ANIMAL OILS

Domestic producers of vegetable oils such as cottonseed, soybean, and peanut, as well as of animal oils such as lard and butter, should not be materially affected by the suspension of the 2-cent tax since the effective rate would be the same as at present. If the bill is not enacted, on the other hand, the present effective rate will soon be raised to 5 cents per pound, since only supplies other than from the Philippines will be available to the United States. The price of refined coconut oil, however, probably would not be increased by failure to suspend the 2-cent tax because of the present Office of Price Administration price ceilings on coconut oil. But if the 2-cent tax is not suspended it might be passed back to the foreign producer in a lower price and have the effect of reducing the quantities available for import into the United States and thus create an upward pressure against the ceiling prices on domestic fats and oils.

EFFECT UPON DOMESTIC PROCESSORS OF COCONUT OIL

Domestic processors of coconut oil should be benefited by a suspension of the tax since they are now faced with the payment of a 5-cent tax (3-cent basic rate plus 2 cents additional tax) and apparently under Office of Price Administration regulations will be permitted to add only 3 cents to the present price ceilings of refined oils. It is our understanding that the ceiling on refined oil (exclusive of the tax) at New York is 9.85 cents per pound, while the ceiling on crude oil at New York is 8.35 cents per pound or only 1.5 cents per pound lower than the ceiling on refined oils. Obviously, it would be to the refiners' advantage to have the 2-cent additional tax suspended since under present conditions and regulations the tax would more than wash out the existing spread of 1.5 cents between the ceilings on crude and refined coconut oil.

EFFECT UPON FOREIGN SUPPLIES AND IMPORTS

If the bill were not enacted, refiners, as has just been pointed out, under present regulations of Office of Price Administration would be forced to pay less for crude oil (approximately 2 cents) and importers of copra and coconut oil, in turn, probably would pay less to foreign producers for imported supplies by about an equivalent amount. This would tend to react unfavorably upon foreign collection of coconuts, hence result in somewhat less coconut oil for the United States. On the other hand, if the bill is enacted, the present prices of crude oil probably will continue to prevail.

RECOMMENDATION

In view of the above analysis of the probable effects of the bill and in view particularly of our need for all the additional supplies of coconut oil we possibly can get, it would seem desirable for the Department to favor the suspension of the 2-cent tax for the period of the emergency.

Senator BYRD. Mr. Robert Walsh, economist, Bureau of Economics, Department of Agriculture.

Do you desire to add anything, Mr. Walsh?

Mr. WALSH. Mr. Chairman, I have nothing to add.

Mr. WILLIAMS. I wanted to bring him in case you had questions on the economics of this problem.

Senator BYRD. Thank you very much. It may be that we will have some questions. If we do, we will communicate them to you.

Congressman, come right ahead.

STATEMENT OF HON. W. R. POAGE, UNITED STATES REPRESENTATIVE FROM TEXAS

Mr. POAGE. My name is W. R. Poage, Representative from eleventh district, Texas.

I simply want to come as a layman who is not at all familiar with the expert figures on this matter but one who does represent a large cotton country, that believes we are vitally affected by this bill, and adversely.

We feel that the original legislation that gave the advantage to the Philippine Islands in the matter of this processing tax on copra was passed not in order to bring in a cheap product in competition with American oils, but was passed primarily for the benefit of the Philippine Islands at a time when the United States recognized an obligation to the Philippines and felt that it was our duty not to destroy their economy during the period of time that they were passing through the transition period from a dependency, as it were, to an independent nation in the Philippines. We believe that is still the basis on which the basic legislation is justified. But this amendment comes in on an entirely different principle. This amendment comes in, and if justified, it must be justified upon the theory that we should bring this copra into the United States from some foreign source without the payment of the full processing tax, whether it be from the Philippine Islands or from some other point.

The fundamental legislation was based on the theory that we should give an advantage to the Philippine Islands. We now see it is impossible to give that advantage to the Philippine Islands, because obviously we cannot bring the copra from the Philippines.

We have a bill presented to us that has no definite date of termination. It was stated on the floor that the bill would terminate at the end of the war, but when the proponents of the bill were questioned they admitted that the bill did not so provide.

Senator BYRD. You would prefer, if it was passed at all, that it would have a definite date?

Mr. POAGE. Very much so. I think that would be an improvement on the bill; but we feel there is no necessity for the bill, that if we are going to pay a subsidy, as the gentleman who recently spoke suggested, it should be paid to American farmers. The gentleman suggests that if this 5-cent tax remained in force a reduction in price would be passed back to the foreign producer, and by removing this tax we could pay the foreign producer more. To my mind, that is simply a matter of paying a subsidy to a foreign producer. If we are going to pay a subsidy for the production of oils, let us pay the subsidy to the American farmer rather than the foreign producer.

It is simply as a farmer, not as an expert, not as a soap manufacturer, that I come here to plead with you gentlemen that if you are going to pay a subsidy pay it to Americans rather than pay it to foreigners.

We think we have a proposition here that can benefit certain soap manufacturers in the United States; it cannot benefit the great rank and file of the producers of the United States, because American citizens do not produce copra. It is produced by foreign producers. We can produce oils in the United States. Give us the money that you would give to the foreign producers and the American farmers will produce this oil. At least that is the way we feel down in the cotton country.

If there are no questions, I appreciate the opportunity of appearing before you.

Senator BYRD. Thank you very much indeed. Are there any further witnesses?

Mr. WRISLEY. Mr. Chairman, may I just add one word?

Senator BYRD. Yes.

Mr. WRISLEY. The only reason for taking off the 2-cent tax a pound is because we need the coconut oil. If it were not for needing the coconut oil for those irreplaceable uses where nothing else will do, we would not be recommending it. There is no domestic fat or oil that will take the place of coconut oil for many of the uses for which this oil is to be used. Now, some of it will go into soap, it is true, for a definite reason; namely, to secure the additional quantity of glycerin, and at the same time to reduce, at least temporarily, the volume of fat that is needed for soap making.

Senator BYRD. What are the uses of the coconut oil that it can be put to that domestic oils are not available for?

Mr. WRISLEY. The particular uses there are in synthetic rubber, and also certain plasticizers for flexible glass and for some rubber substitutes.

Senator BYRD. Would you care to submit to the committee a memorandum on that, giving it in greater detail?

Mr. WRISLEY. We would be glad to prepare it.

Senator GERRY. Do not munitions come under that list?

Mr. WRISLEY. That was exclusive of ammunitions. Of course, it is a fact that you can get glycerin from domestic fats and oils, so that one could not hold that particular use as replaceable. In other words, your domestic fats and oils could give the glycerin you need, if you had the volume of domestic fats and oils that could be used for that purpose.

They are now talking now of allocating for the soap industry only a portion of the fats and oils they had in 1940 and 1941, because of the over-all fats and oils problems.

Of course, the particular point, as far as glycerin is concerned, is that the available amount of glycerin in coconut oil is 14 percent, whereas in the domestic fats and oils it is 10.5 percent. In other words, there is about 37 percent greater yield of glycerin from coconut oil than from domestic fats and oils.

Senator BYRD. I would like your memorandum to cover such items as that, and comparing the two sources, both of domestic and foreign.

Mr. WRISLEY. We will prepare it and submit it.

Senator BYRD. Are there any further witnesses?

(No response.)

Before adjourning I would like to place in the record a letter to the chairman from Mr. John B. Gordon.

} See
Sen.
Ref.
580
77 Cong.
Page
2, 3.

(The letter referred to is as follows:)

Resolution of United States vegetable oil mission to Brazil in support of H. R. 6682 to suspend the processing tax of 2 cents per pound on coconut oil of non-Philippine origin.

JUNE 24, 1942.

Senator WALTER F. GEORGE,
Chairman, Senate Finance Committee,
Washington, D. C.

DEAR MR. CHAIRMAN: In September 1941, the Brazilian Ministry of Agriculture was authorized by President Vargas to invite a mission of United States vegetable oil technicians to visit Brazil for the purpose of studying the Brazilian vegetable oil industry, the entire expenses in Brazil to be borne by the Brazilian Government. This invitation was transmitted to ten United States technicians selected by the Brazilian Ministry of Agriculture. The invitation was extended through the Brazilian Inter-American Development Commission to the headquarters of the Inter-American Development Commission in Washington, which in turn communicated with the men invited. Many of the original ten were unable to accept the invitation, principally owing to the pressure of defense work in this country. Funds for plane transportation to and from Brazil were provided by the Office of the Coordinator of Inter-American Affairs for those men originally invited who were able to accept. In addition, several organizations requested permission to send representatives on the mission. Such requests were cleared with the Brazilian Government.

The Mission as finally constituted was composed of the following:

1. Mr. Charles E. Lund, Chief, Fats and Oils Staff, Consumption Goods and Materials Unit, Bureau of Foreign and Domestic Commerce, Department of Commerce.

2. Dr. George S. Jamieson, senior chemist, Bureau of Agricultural Chemistry and Engineering, Agricultural Chemical Research Division, Department of Agriculture.

3. Dr. James R. Mood, economist, United States Tariff Commission.

4. Mr. John B. Gordon, secretary, Bureau of Raw Materials for American Vegetable Oils and Fats Industries.

5. Mr. Marvin Wood, president, Marwood Co., Inc.

6. Dr. H. W. Vahlteich, technical director, The Best Foods, Inc.

The Mission departed from Miami March 8 by Pan-American plane. Messrs. Lund, Vahlteich, and Wood left Brazil April 11 and 13, the other members leaving on April 28.

I give you herewith the opening statement relative to the general conclusions of this mission, which reads as follows:

"The United States Vegetable Oil Mission, studying ways and means of increasing production of Brazilian vegetable oilseeds and oils and waxes, has completed an extensive trip through Brazil under the expert guidance of Dr. Joaquim Bertino de Moraes Carvalho, Director of the National Institute of Oils, Rio de Janeiro. Dr. Bertino acted as director of the combined Brazilian-American mission with the able assistance of Sr. S. T. Rolim, of the Banco do Brasil.

"After having visited all the principal producing, manufacturing, and export centers, and after having talked to hundreds of Federal, State, and private business executives, the mission has come to the following conclusions, and respectfully offers the following suggestions:"

Ten general conclusions dealing with transportation, technological matters, trade conditions, agricultural development, labor, legislation required to assist Brazilian vegetable oilseeds and oil industry, reclassification of Brazilian vegetable oils and oil seeds for customs purposes, recovery of glycerin, tung plantation possibilities, and plantation development of dende palm were arrived at by the United States Vegetable Oil Mission.

Since general conclusion No. 6, "Legislation required to assist Brazilian vegetable oilseeds and oil industry" is of specific interest to the Senate Finance Committee, I beg leave, as a member of the United States Vegetable Oil Mission to Brazil to quote that part of this general conclusion which is pertinent:

"A. There is a very important coconut production industry in Brazil. There are approximately 6,000,000 coconut trees in Brazil, 4,000,000 of which are distributed through the States of Alagoas, Paraiba, Sergipe, and Bahia, and the remaining 2,000,000 are scattered through other states bordering on the Atlantic Ocean. The coast line from Joao Pessoa in Paraiba to Salvador in Bahia is a solid wall of coconut trees. The production of copra has not been over a few

hundred tons a year. This has been because of the competition of Philippine coconut oil and the tendency of the Brazilians to utilize a large number of coconuts for the milk. Great numbers of the coconuts, however, go to waste. We believe that if the Congress of the United States would pass legislation removing in part the burden of taxation applicable to coconut oil of foreign origin entering United States markets it would be of tremendous assistance in building up the coconut growing industry of Brazil. There is now pending before Congress H. R. 6682, sponsored by the Board of Economic Warfare, which seeks to eliminate this burden of taxation against coconut oil, i. e. that applicable against the coconut oil of non-Philippine origin, for the period of the emergency. We earnestly recommend the passage of this legislation as an aid to the Brazilian coconut products industry."

Very truly yours,

JOHN B. GORDON,

Member, United States Vegetable Oil Mission to Brazil.

(Whereupon, at the hour of 11:18 a. m., the committee adjourned.)



SUSPENDING IN PART THE PROCESSING TAX ON
COCONUT OIL

AUGUST 17, 1942.—Ordered to be printed

Mr. BYRD, from the Committee on Finance, submitted the following

REPORT

[To accompany H. R. 6682]

The Committee on Finance, to whom was referred the bill (H. R. 6682) to suspend in part the processing tax on coconut oil, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

Amend the act to read:

On line 14, page 1, after the word "enactment" strike out the period, insert a comma, and add "and shall terminate on June 30, 1944."

The purpose of the legislation is to make it possible to obtain supplies of copra and coconut oil from outside the United States for the purpose of obtaining therefrom materials essential to the national defense.

In 1934 there was enacted a provision, now section 2470 (a) (2) of the Internal Revenue Code, which imposes on the first domestic processing of coconut oil a tax of 3 cents per pound and an additional tax of 2 cents per pound on non-Philippine coconut oil. Coconut oil obtained from copra produced in the Philippine Islands is exempt from this additional 2-cent tax. The purpose of the law was to give the Philippine Islands a virtual monopoly of the United States market for copra and coconut oil. The law did have this effect.

At the present time the tax does not benefit the Philippines, for no copra or coconut oil can be brought thence to the United States. More significant is the fact that the existence of the additional 2-cent tax constitutes a serious obstacle to the purchase, for importation into the United States, of copra and coconut oil produced outside the Philippine Islands to make up for the loss of the Philippine supply.

In the interest of preventing price inflation, the Office of Price Administration has placed a price ceiling on coconut oil. The combined effect of the 2-cent tax and the price ceiling is to curtail the supply of a commodity necessary in the effective conduct of the war. When the additional 2-cent tax is added to the basic 3-cent processing

tax (which amounts to about \$28 per long ton of copra), to the price which prevails in markets outside the United States, and to other cost elements, such as shipping charges, it becomes impossible for domestic copra crushers to sell without a loss at the ceiling price.

Since no appreciable amount of coconut oil or copra from non-Philippine sources has been, or would be, imported under the present law, the Treasury anticipates no loss of revenue from the suspension of the 2-cent additional tax. On the contrary, the revenues of the United States would be increased to the extent of the non-Philippine copra processed in the United States, since the basic 3-cent tax on the processing of Philippine copra has hitherto accrued to the Philippine Government and was paid into the insular treasury, whereas the 3-cent tax which will continue to be collected on the processing of non-Philippine copra will go to the United States Treasury.

The resulting restriction on the importation of copra is limiting the supply of glycerin, of which there is now a shortage. Copra has the highest percentage yield of vegetable oil of any raw material except babassu kernels grown in Brazil, and an important byproduct of the oil is glycerin. Copra and babassu yield from 30 to 40 percent more glycerin per unit than any other vegetable-oil material.

Glycerin, which is obtained from coconut oil, is an ingredient of the coating used on all motive equipment of the United States Army. Much of the glycerin used in British military and naval explosives is obtained from the United States. In the United States glycerin has important industrial uses. It is used in explosives in connection with mining operations, in pharmaceuticals, and in other ways. The importance of copra and coconut oil to the war effort and the domestic economy and the necessity for stimulating imports of copra and coconut oil are thus apparent.

The normal consumption of copra in the United States is about 600,000 tons a year. With the Philippine and Malayan sources of supply entirely cut off, and possibilities of obtaining copra from the Dutch East Indies greatly reduced, it has been estimated that the remaining available world supply of copra is now 221,000 tons a year, of which considerably less than this amount will be available to the United States. Expansion of the zone of military operations and competition from other countries in need of vegetable oils are factors which may further limit the supply available for importation into the United States. Steps have been and are being taken to prohibit the use of coconut oil for edible purposes and to direct whatever copra and coconut oil may be obtained for domestic processing into glycerin-yielding uses. Alleviation of the glycerin shortage in this manner is dependent upon the passage of this bill.

Representatives of the War Production Board, the Board of Economic Warfare, the Office of Price Administration, and the Departments of Agriculture and Commerce have expressed themselves before this committee in favor of the enactment of this bill. The Treasury Department offered no objection to the bill from the standpoint of revenue.

Your committee believe that the enactment of this bill will materially aid in the furtherance of the defense program.

For the further information of the Senate there is appended hereto and made a part of this report, a memorandum addressed to the chairman of the subcommittee on H. R. 6682, from Herbert S. Marks,

Assistant General Counsel, War Production Board, outlining the uses of coconut oil and the sources and uses of glycerine, reading as follows:

Substantial quantities of coconut oil—35,000,000 to 50,000,000 pounds per year—are needed for the following virtually irreplaceable requirements and uses:

(a) The manufacturer of one of the important constituents of synthetic rubber. As yet there is no fully tested and approved substitute.

(b) The manufacture of certain higher alcohols, which in turn are used as film-strengthening agents for high-pressure Diesel engine lubricants. This film strengthening greatly increases the utility and efficiency of the oil.

(c) As a plasticizer in the manufacture of safety glass for airplanes, tanks and automobiles.

(d) As a plasticizer (triethylene glycol di-caprilate, which is a derivative of the C-8 and part of the C-10 fraction of the coconut oil fatty acids) in the manufacture of rubber substitutes of the polyvinyl chloride type of resin.

Coconut oil yields approximately 37 percent more glycerine per pound of oil than any domestically produced fat or oil or, stated in other terms, approximately 137 pounds of domestic fats and oils must be consumed to make the same amount of glycerine that 100 pounds of coconut oil would produce. Since the adequacy of the over-all fat and oil supply is doubtful, this becomes an important factor.

The needs for glycerine in substantial quantities include:

(a) Lend-lease requirements for cordite, blasting powder, and explosives.

(b) Dynamite for mining steel, copper, nickel, tungsten, molybdenum; protective coatings on ships, tanks, etc.

(c) Indirect war requirements such as explosives for mining coal, medicinal and drug supplies, protective coatings of all kinds, plasticizers, and innumerable others.

All the fats are sources of glycerin, but in the past coconut oil has been a source of approximately one-quarter of the glycerin produced domestically. The only available foreign source of glycerin is South America, which produces very limited quantities for export.

The committee amendment, which is inserted at the end of the bill, provides for a mandatory termination date, June 30, 1944. Your committee believe that such a definite termination date is necessary so that the suspension of that tax will not continue on indefinitely after normal trade is again established with the Philippine Islands. If normal trade has not been further established on such date it will be a simple matter for Congress to amend the act by extending such date to such time that may be necessary.

For the further information of the Senate there is appended hereto and made a part of this report a letter to the chairman of the subcommittee of the Finance Committee from the Chairman of the War Production Board under the date of August 8, 1942, reading as follows:

WAR PRODUCTION BOARD,
Washington, D. C., August 8, 1942.

HON. HARRY F. BYRD,

Chairman, Subcommittee of the Committee on Finance,

United States Senate, Washington, D. C.

DEAR SENATOR BYRD: I understand that H. R. 6682, an act to suspend in part the processing tax on coconut oil, has not yet been acted on by your subcommittee.

You are, of course, aware from the testimony before your subcommittee of the large quantities of coconut oil and products using coconut oil needed by the war production program. You are also no doubt familiar with the statements of experts from a number of Federal departments and agencies showing that the passage of this measure would materially expedite the production of coconut oil and products made in part therefrom. With their views I am entirely in agreement. Therefore, I strongly recommend that your subcommittee take favorable action on this measure at your earliest opportunity.

Sincerely,

D. M. NELSON.

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Calendar No. 1633

77TH CONGRESS
2D SESSION

H. R. 6682

[Report No. 1580]

IN THE SENATE OF THE UNITED STATES

JUNE 4, 1942

Read twice and referred to the Committee on Finance

AUGUST 17, 1942

Reported by Mr. BYRD, with an amendment

[Insert the part printed in italic]

AN ACT

To suspend in part the processing tax on coconut oil.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 2470 (a) (2) of the Internal Revenue Code is
4 hereby suspended: *Provided*, That if the President after re-
5 ceipt by him of a request from the Government of the Com-
6 monwealth of the Philippine Islands that the suspension of
7 section 2470 (a) (2) be terminated, shall find that ade-
8 quate supplies of copra, coconut oil, or both, the product
9 of the Philippine Islands, are readily available for process-
10 ing in the United States, he shall so proclaim; and thirty
11 days after such proclamation, the suspension of section 2470
12 (a) (2) of the Internal Revenue Code, shall terminate.

1 SEC. 2. This Act shall become effective the day following
 2 its enactment, *and shall terminate on June 30, 1944.*

Passed the House of Representatives June 1, 1942.

Attest:

SOUTH TRIMBLE,

Clerk.

Calendar No. 1633

77TH CONGRESS
2^D SESSION

H. R. 6682

[Report No. 1580]

AN ACT

To suspend in part the processing tax on
coconut oil.

JUNE 4, 1942

Read twice and referred to the Committee on Finance

AUGUST 17, 1942

Reported with an amendment

far as inconsistent with the provisions of this act. The time prescribed for the performance of any act in the customs laws or regulations shall be suspended during the time the War Department is responsible for the safekeeping of the merchandise and rights or privileges dependent upon continuous customs custody shall not be defeated by the provisions of this act.

SEC. 4 This act shall be effective on and after the date of its enactment and until the expiration of 6 months after the termination of the unlimited national emergency proclaimed by the President on May 27, 1941.

SUSPENSION OF PROCESSING TAX ON COCONUT OIL

The Senate proceeded to consider the bill (H. R. 6682) to suspend in part the processing tax on coconut oil, which had been reported by the Committee on Finance with an amendment, on page 2, line 2, after the word "enactment," to insert "and shall terminate on June 30, 1944."

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

BENEFITS TO CONSCIENTIOUS OBJECTORS

The bill (S. 2708) to amend the Selective Training and Service Act of 1940, as amended, so as to extend the benefits of the Employees' Compensation Act to conscientious objectors was announced as next in order.

Mr. McKELLAR. Mr. President, may we have an explanation of the bill?

Mr. THOMAS of Utah. Mr. President, as all Senators know, conscientious objectors who are certified as actual conscientious objectors by the Department of Justice are relieved from military duty, but they are required to put in time at their own expense, and pay for their own upkeep, doing Federal work in such places as Civilian Conservation Corps camps or around the various military reservations.

The bill before us merely makes it possible, if a conscientious objector is injured in doing this Federal work for which he is not paid, to receive compensation under the Employees' Compensation Act. It is a very fair bill.

Mr. McKELLAR. Does the Senator think that a man who objects to fighting for his country should be rewarded in this way by his country?

Mr. THOMAS of Utah. That question is not at all germane to the theory of the bill or to the theory of the Selective Service Act.

Mr. McKELLAR. I think it is, and I shall object.

Mr. JOHNSON of Colorado. Will the Senator from Tennessee withhold his objection?

Mr. McKELLAR. I withhold the objection.

Mr. THOMAS of Utah. The objection which the Senator from Tennessee has is, of course, an objection to the Selective Service Act as it is written. Judgment has already been passed on the conscientious objector. He is given certain privileges and certain deferments by the law

of the land. He gives his service to the country free of charge. He does valuable work. The only thing which the proposed amendment to the act would accomplish would be that it would give to the man who is working for the Government of the United States for nothing the same privileges, insofar as compensation under the Workmen's Compensation Act for injuries are concerned, as are received by similar workmen who are being paid for their work by the Government. The question of whether a conscientious objector, as such, should be paid anything or not is not at all germane to the bill.

Mr. BARKLEY. Will the Senator yield?

Mr. THOMAS of Utah. I yield.

Mr. BARKLEY. I understand that under the act which the bill proposes to amend, while conscientious objectors may be excused from service in the combat forces, they can be utilized for work of other sorts for the Government.

Mr. THOMAS of Utah. They are utilized, but they get no pay, and they have no standing.

Mr. BARKLEY. While they work for nothing, if the bill were enacted they would be placed on the same basis with other Government employees if they should suffer injury, so far as the right to apply to the Compensation Commission was concerned?

Mr. THOMAS of Utah. Yes; and it would be a humane act.

Mr. JOHNSON of Colorado. In addition to what the Senator from Utah has said, the conscientious objectors not only receive no pay but someone puts up money for their expenses. When a man in that category is injured and goes back to society with one leg off, or both arms gone, or injured in some other way so that he cannot resume his former place in society, someone has to take care of him, either his folks upon whom he will be dependent, or society in general. The object of the bill is to take care of such cases in an orderly way. It is not a bill providing benefits for the individual; it is a bill for the protection of the United States Government.

Mr. BARKLEY. As I understand, if the same individual working for the Government in any other branch, and receiving pay for his work, were injured, he would come under the protection of the compensation law.

Mr. JOHNSON of Colorado. The Senator is correct.

Mr. BARKLEY. But he would not come under it under the circumstances stated by the Senator, and the bill would merely permit him to make application for compensation in case he were injured?

Mr. JOHNSON of Colorado. Under the present statutes and under the present laws, his case is left up in the air. Whether he is an employee or not is debatable. His status is undefined. General Hershey, of the Selective Service, said it was very necessary that something be done to work out an orderly status for such an employee.

Mr. McKELLAR. Mr. President, I wish to read the bill and to get some information about it. The second proviso reads:

That for the purpose of computing compensation for disability or death under said act, every such person shall be regarded as having received a monthly pay of \$42.

I understood the Senator from Utah to say these men receive no pay. I suppose they are paid their expenses, of course.

Mr. JOHNSON of Colorado. No; their folks or their church have to put up their expenses. They do not receive their expenses at all.

Mr. McKELLAR. The church puts up the expenses?

Mr. JOHNSON of Colorado. The church puts up the expenses.

Mr. McKELLAR. What bothers me is that I do not think conscientious objectors during a war, especially such a war as that in which we are now engaged, should be encouraged. I think that if we continue to throw safeguards around them and make everything easy for them, the next proposal will be to pay them salaries or compensation for all work done, to pay for their upkeep, and everything of the kind, and we will have an army of conscientious objectors in this country. I do not feel very kindly about it. I think any man who lives in America should be willing to fight for it at the proper time, regardless of everything else.

Mr. THOMAS of Utah. Everyone in the United States Senate agrees with the last statement made by the Senator; we would be very happy to fight for our country; but there are certain religious sects which have taken action against war and participation in war, and those sects have been recognized by the Government of the United States.

Mr. McKELLAR. How many men would come under the provisions of the bill, or might come under it? How many conscientious objectors are there in the country today?

Mr. THOMAS of Utah. I do not know the exact number.

Mr. JOHNSON of Colorado. Something less than 4,000.

Mr. THOMAS of Utah. The number is very small compared with the number in 1917 and 1918. The way in which they are handled in the present war is such an improvement over the method in vogue in 1917 and 1918 that we should all rejoice over the manner in which this matter is being handled.

So far as the conscientious objector in this war is concerned he finds a place thoroughly consistent with his belief and with his fundamental notions, and the Government of the United States has discovered that this part of the Selective Service Act is working to the satisfaction of those great sects—there are only three of them—which stand definitely in recognition of nonwar activity.

Mr. BARKLEY. Will the Senator yield?

Mr. THOMAS of Utah. I yield.

Mr. BARKLEY. The provision with respect to \$42 is placed in the measure simply as a basis for a standard of compensation.

Mr. McKELLAR. I see that.

Mr. BARKLEY. There must be some basis upon which to determine percentage of compensation for injury, and that

provision is placed in the bill for that purpose.

Mr. THOMAS of Utah. It is a very low basis.

Mr. McKELLAR. Suppose a conscientious objector were injured by reason of his own negligence; under the bill he could still receive compensation from the Government. In other words, the Government will insure these men for a long time, though I do not know for how long. The language is:

That for the purpose of computing compensation for disability or death under said act, every such person shall be regarded as having received a monthly pay of \$42.

That, of course, is a basis for measuring compensation. Let us suppose one of these men is hurt by reason of his own negligence, through no fault of the Government at all; is it possible that the Government shall regard him as a ward for the rest of his life, under the terms of this measure?

Mr. THOMAS of Utah. That would depend upon the regulations under the Employees' Compensation Act.

Mr. McKELLAR. We ought to make it dependent upon the law, not upon the regulations of a department.

Mr. THOMAS of Utah. The regulations are dependent upon the fundamental law. Such a person as the Senator referred to would have no more privileges than would any other person who receives \$42 a month from the Government. If, for instance, a conscientious objector were injured as a result of his own negligence, he would be judged under the regulations in connection with the Employees' Compensation Act exactly as any other person would be judged.

Mr. McKELLAR. The measure does not say so. It provides for compensation. The language is:

Provided, That conscientious objectors assigned to work of national importance under civilian direction pursuant to this act and rules and regulations prescribed hereunder, and their beneficiaries, shall be entitled, under the provisions of the act of February 15, 1934 (48 Stat. 351), as amended, to compensation for disability or death to the same extent and under the same conditions as is provided in said act for employees.

I think the adoption of such language would go a long way to encourage conscientious objecting. I think we shall find, if the measure is passed, that there will be a great many more such objectors. I have not studied the question. That simply occurs to me now from the examination I have been able to make of the measure. It seems to me that by the passage of this measure we would get into a situation which none of us wants to get into; that we would encourage conscientious objecting. I shall not object to the consideration of the measure, but I wish to state for the record that I shall vote against it.

Mr. JOHNSON of Colorado. Mr. President, I am glad the Senator from Tennessee has withdrawn his objection, because this is a very necessary piece of legislation. I am also glad that the Senator has said he is not familiar with the operations of the pertinent provisions of the Selective Service Act. General Hershey's representatives told our com-

mittee that under that law many of the conscientious objectors were being converted to a better attitude toward their responsibilities of citizenship and that a great many of the conscientious objectors in camps were leaving the camps every month and joining the combatant or noncombatant forces of the Army.

We should not confuse the conscientious objector with the slacker. One is entirely different from the other. The conscientious objector must establish his right to that status according to law. He is sponsored by his own church. As has been stated, the money for his keep and for other purposes is provided by his church.

I do not think the passage of the bill will contribute in any degree to an increase in the number of conscientious objectors. I think it will work in the opposite direction. I wish to emphasize again that the proposed legislation is not to be of assistance to the conscientious objector, but it is to work out an orderly plan for taking care of a very few serious cases of injury to men who would become a burden upon someone, and since they are working for the Government and contributing in a wholesome and considerable degree, the Government ought to take care of that problem.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill (S. 2703) to amend the Selective Training and Service Act of 1940, as amended, so as to extend the benefits of the Employees' Compensation Act to conscientious objectors, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That subdivision (g) of section 5 of the Selective Training and Service Act of 1940 be, and it is hereby, amended by changing the final period to a colon and adding thereto the following provisos: "*Provided*, That conscientious objectors assigned to work of national importance under civilian direction pursuant to this act and rules and regulations prescribed hereunder, and their beneficiaries, shall be entitled, under the provisions of the act of February 15, 1934 (48 Stat. 351), as amended, to compensation for disability or death to the same extent and under the same conditions as is provided in said act for employees: *Provided further*, That for the purpose of computing compensation for disability or death under said act, every such person shall be regarded as having received a monthly pay of \$42: *And provided further*, That no right to benefits, other than medical, surgical, hospital, and other similar benefits to cure or relieve disability, shall accrue to any such person until his release from his assignment to such work."

RELIEF OF DISBURSING OFFICERS OF THE ARMY

The bill (S. 2722) to authorize relief of disbursing officers of the Army on account of loss or deficiency of Government funds, vouchers, records, or papers in their charge was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the General Accounting Office shall relieve any disbursing officer of the Army charged with responsibility on account of loss or deficiency while in the line of duty, of Government funds, vouchers,

records, or papers, in his charge, where such loss or deficiency occurred without fault or negligence on the part of said officer: *Provided*, That the Secretary of War shall have determined that the officer was in the line of his duty, and the loss or deficiency occurred without fault or negligence on his part: *Provided further*, That the determination by the Secretary of War of the aforesaid questions shall be conclusive upon the General Accounting Office: *Provided further*, That all cases of relief granted under this authority during any fiscal year shall be reported in detail to the Congress by the Secretary of War: *And provided further*, That this act shall be applicable only to the actual physical loss of Government funds, vouchers, records, or papers, and shall not include deficiencies in the accounts of disbursing officers of the Army resulting from illegal or erroneous payments.

The PRESIDING OFFICER. That concludes the calendar.

NAVIGABLE WATERS ENDANGERED BY BOMBING OR FIRING PRACTICE

Mr. THOMAS of Utah. Mr. President, Senate bill 2367, Calendar No. 1608, when reached on the call of the calendar, was passed over. I ask that it be now considered.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 2367) to amend sections 1 and 2 of chapter XIX of the Army Appropriation Act approved July 9, 1918, which had been reported from the Committee on Military Affairs with an amendment, in section 1, on page 2, line 18, to insert the following proviso: "*Provided further*, That said authority shall also be exercised as not to conflict with any duly authorized and promulgated order or regulation of the President or appropriate United States naval authority governing persons or vessels within the limits of any defensive sea areas or maritime control areas heretofore or hereafter established, or with any of the powers conferred on the Secretary of the Treasury by section 1, title II, of the act of June 15, 1917 (40 Stat. 220; U. S. C., title 50, sec. 191), or on the Secretary of the Navy by section 2 of the act of November 15, 1941 (55 Stat. —; U. S. C., title 50, sec. 191a)", so as to make the bill read:

Be it enacted, etc., That section 1 of chapter XIX of the Army Appropriation Act approved July 9, 1918 (40 Stat. 892), be, and is hereby, amended to read as follows:

"Protection of life and property in waters endangered by activities of the Army of the United States: That in the interest of the national defense, and for the better protection of life and property on the navigable waters of the United States or waters under the jurisdiction of the United States, the Secretary of War is hereby authorized and empowered to prescribe such regulations as he may deem best for the use and navigation of any portion or area of said waters endangered or likely to be endangered by the Army of the United States while engaged in bombing or firing of any kind in target practice, or otherwise, in proving operations at any proving ground or elsewhere, or any other activities, and of any portion or area of said waters occupied by any plant or facility engaged in the execution of any public project of rivers and harbor improvement, or by submarine mines, mine fields, submarine cables, or other material and accessories of

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1885. A letter from the Chairman, National Capital Park and Planning Commission, transmitting a list of land acquisitions for parks, parkways, and playgrounds, cost of each tract, and method of acquisition for the fiscal year ending June 30, 1942; to the Committee on Public Buildings and Grounds.

1886. A letter from the Acting Administrator, Federal Security Agency, transmitting its fourth quarterly report of the United States Commissioner of Education on the education and training of defense workers, covering the period beginning April 1, 1942, and ending June 30, 1942; to the Committee on Appropriations.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. MAY:

H. R. 7526 A bill to authorize a reduction in the course of instruction at the United States Military Academy; to the Committee on Military Affairs.

By Mr. MOTT:

H. R. 7527 A bill for the relief of owners of certain properties rendered inoperative by reason of restrictions from the war effort; to the Committee on Banking and Currency.

By Mr. WADSWORTH:

H. R. 7528 A bill to amend the Selective Training and Service Act of 1940 by providing for the extension of liability; to the Committee on Military Affairs.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Louisiana, memorializing the President and the Congress of the United States to pass legislation pertaining to parity price on rice and cotton; to the Committee on Banking and Currency.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. MOTT:

H. R. 7529 A bill for the relief of M. Senders & Co.; to the Committee on Claims.

By Mr. ROBSION of Kentucky:

H. R. 7530 A bill granting a pension to Martin Virgil Melton and his wife Bessie Jane Melton; to the Committee on Invalid Pensions.

By Mr. MACIEJEWSKI:

H. Res. 537 Resolution granting a gratuity to Barbara Louise McAndrews; to the Committee on Accounts.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

3309. By Mr. WHEAT: Petition of members of the Methodist Church of Filson and Tuscola, Ill., urging the prompt passage of Senate bill 860; to the Committee on Military Affairs.

3310. Also, petition of members of the Antioch Church, of Oakland, Ill., urging prompt passage of Senate bill 860; to the Committee on Military Affairs.

3311. Also, petition of sundry citizens of Douglas and Moultrie Counties, Ill., urging

the prompt passage of Senate bill 860; to the Committee on Military Affairs.

3312. Also, petition of members of the Woman's Society of Christian Service of Mount Gilead Methodist Church, Tuscola, Ill., urging prompt passage of Senate bill 860; to the Committee on Military Affairs.

3313. Also, petition of sundry citizens of Champaign and Urbana, Ill., urging the prompt passage of Senate bill 860; to the Committee on Military Affairs.

HOUSE OF REPRESENTATIVES

WEDNESDAY, SEPTEMBER 9, 1942

The House met at 12 o'clock noon, and was called to order by the Speaker pro tempore, Mr. BULWINKLE.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Father, Thou who alone art holy, we pray for discernment and understanding of that which is good. Take from us unworthy desires and free us from all devastating selfishness; fill our hearts with a pure passion for the things of an infinitely holy God. Crown us with those virtues which come from Thee; living, acting, suffering, and making Thy will our loftiest purpose.

"No sorer plague can us attack,
Than rich to be and something lack."

We pray that Thou wilt make us lovers indeed of our country, an honor to our institutions, a spring of hope to men on the street and the farm, in the factory and shop, and to the humblest man wherever he is found. Blessed Saviour, Thou whose voice didst becalm the turbulent waters when Thou wert here among the children of men, be with our brave sons and daughters imperiled on land, sea, and air; mark the star that they may see the rock amid the waves. Blessing, honor, glory, and power be unto Him that sitteth upon the throne, and unto the Lamb forever and ever. Amen.

The Journal of the proceedings of Monday, September 7, 1942, was read and approved.

EXTENSION OF REMARKS

Mr. BLOOM. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein editorials relating to the recent visit of Her Majesty, Queen Wilhelmina, of the Netherlands.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. BLOOM. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an address by the Prime Minister of New Zealand, the Right Honorable Peter Fraser, before an executive meeting of the Committee on Foreign Affairs, Thursday, September 3, 1942.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. WEISS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

(Mr. SHEPPARD asked and was given permission to extend his own remarks in the RECORD.)

Mr. HOLLAND. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a speech by Philip Murray.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. MAY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an address delivered by the Honorable Maurice H. Thatcher, former Member of the House and former Governor of the Panama Canal Zone.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

MEETING OF COMMITTEE ON MILITARY AFFAIRS

Mr. MAY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute to make an announcement.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. MAY. Mr. Speaker, this announcement will be of interest especially to the members of the Military Affairs Committee. I have called a meeting of this committee for 10:30 o'clock tomorrow morning to dispose of some matters of importance to the War Department.

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. MAY. I yield.

Mr. MARTIN of Massachusetts. Will the gentleman tell the House what those matters are?

Mr. MAY. They consist of a number of small bills. One is a bill to change the curriculum at West Point and shorten the term to 3 years; another is to authorize the designation of the Army officers who have control of certain matters in Iraq and Iran. This is of vital concern to the War Department right at this particular time.

Mr. MARTIN of Massachusetts. Is the gentleman's committee going to consider the bill to lower the draft age?

Mr. MAY. I have not had a report from the War Department on that bill yet. I will ask that it be taken up as soon as it is referred to the committee; it has not been referred to the committee yet.

Mr. MARTIN of Massachusetts. Does the gentleman intend to bring the other bills up promptly?

Mr. MAY. Yes; I expect to bring them up as quickly as they are reported. I am not asking the committee to consider anything that is not urgent.

PRICE CONTROL

Mr. MASON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. MASON. Mr. Speaker, President Roosevelt has placed the blame upon

Congress for the failure of his price-control law, the so-called Steagall price-control bill, to control inflation. The Steagall bill, as I recall it, specifically stated that no ceiling should be placed over wages and provided 110-percent parity prices for farm products, the two provisions the President now condemns. His leaders in Congress, including Majority Leader McCormack, urged the passage of the Steagall bill, claiming that it would do the job of preventing run-away prices. It has failed, and the President now blames Congress and demands the very provisions that his price-control law prevented. That is the situation we face today.

Perhaps this is a good time to recall that the gentleman from Tennessee, Congressman GORE, offered H. R. 6086 as a substitute for the Steagall bill. The Gore bill would have placed a ceiling over wages and limited farm prices to parity, the two provisions the President now demands. The Gore bill was defeated largely because administration leaders in this House opposed it.

In the debate Congressman GORE predicted that the Steagall bill would not do the job. He said, in substance, "The Steagall bill is a piecemeal, half-way approach to the problem that invites inflation," and "the Steagall bill will magnify the danger of inflation and speed the inflationary spiral."

I voted for the Gore bill and against the now discredited Steagall bill. I consider the President's message on Monday as a complete vindication of my votes on these two measures.

BIBLES FOR THE ARMY

Mr. CUNNINGHAM. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. CUNNINGHAM. Mr. Speaker, General MacArthur is alleged to have said "there were no atheists among the men who fought at Bataan."

Last week I listened to Kate Smith, of New York, report on the air that in a recent poll taken of the men in the Army and Navy asking what they most preferred be sent them, more than 50 percent asked for Bibles. This is a wonderful tribute to our fighting men, but a severe indictment of this Congress, the administration, and the Nation, that it is necessary for the members of our armed forces to have to ask for them. I have, therefore, introduced a bill which will require the Secretary of War and the Secretary of the Navy to see that Bibles are issued as a part of standard equipment to the members of our armed forces who request them.

THE LATE HON. JAMES MACANDREWS

Mr. DEWEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. DEWEY. Mr. Speaker, upon my return to Washington yesterday after a week's absence it was with profound sorrow I learned of the death of one of our

colleagues, one who represented a district of Chicago in this body for many years, the Honorable James MacAndrews.

I think one gets to know another better in the strife of the political arena than anywhere. I campaigned against Jim MacAndrews and he campaigned against me. After it was all over I looked back at those 4 years of campaigning with great pleasure. I feel that he had a friend and I had a friend. He was a fine type of American citizen and public servant, always looking after the well-being of his constituents and his country. I feel honored to follow him in representing the district he served. I regret his passing and take this opportunity to do honor to his memory.

PARTIAL SUSPENSION OF PROCESSING TAX ON COCONUT OIL

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6682) to suspend in part the processing tax on coconut oil, with the Senate amendment and agree to the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment as follows:

Line 14, after "enactment", insert " , and shall terminate on June 30, 1944."

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina [Mr. DOUGHTON]?

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, the Senate has just simply put a date in there?

Mr. DOUGHTON. Yes; that is the only change.

Mr. MARTIN of Massachusetts. I think that is a good amendment.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina [Mr. DOUGHTON]?

There was no objection.

The Senate amendment was agreed to. A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include certain excerpts.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oregon [Mr. ANGELL]?

There was no objection.

Mr. GEARHART. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and to include an announcement from the Department of the Interior.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California [Mr. GEARHART]?

There was no objection.

Mr. GEARHART. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and to include a letter from the secretary of the National Reclamation Association, together with the reply thereto from the Secretary of the Interior.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California [Mr. GEARHART]?

There was no objection.

CONVENTION OF COMMERCIAL TRAVELERS AT SPRINGFIELD, MASS.

Mr. TREADWAY. Mr. Speaker, I ask unanimous consent to proceed for 1 minute, and to revise and extend my own remarks in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts [Mr. TREADWAY]?

There was no objection.

Mr. TREADWAY. Mr. Speaker, on Friday evening of this week there will be held in the city of Springfield a convention of commercial travelers interested in securing more gasoline in order that they may be able to meet their various customers throughout the New England area. There is a great deal of interest being manifested in this meeting and a large attendance is expected. All the Members from Massachusetts have been invited. We hope that as a result of that meeting some definite recommendations may be adopted which will result in benefit to the traveling men of which there are so many interested throughout our various districts. The present method of rationing is a distinct hardship in the regular procedure in obtaining their livelihood. It likewise affects those with whom they carry on business.

[Here the gavel fell.]

EXTENSION OF REMARKS

Mr. SCOTT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a radio address I recently delivered, and I also ask unanimous consent to extend my own remarks in the Appendix of the RECORD and to include an editorial from the New York Times.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania [Mr. SCOTT]?

There was no objection.

Mr. COLE of New York. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include an editorial.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York [Mr. COLE]?

There was no objection.

Mr. MCGREGOR. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a chart prepared by the Bureau of the Census.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio [Mr. MCGREGOR]?

There was no objection.

PRICE-CONTROL LEGISLATION

Mr. FISH. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York [Mr. FISH]?

There was no objection.

Mr. FISH. Mr. Speaker, I voted for the price-control bill as it passed the House, and am as much in favor of anti-inflation legislation as President Roosevelt. I hope the House will proceed immediately to enact constructive and effective legislation to control inflation and stop the mounting cost of living. It

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[PUBLIC LAW 711—77TH CONGRESS]

[CHAPTER 560—2D SESSION]

[H. R. 6682]

AN ACT

To suspend in part the processing tax on coconut oil.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2470 (a) (2) of the Internal Revenue Code is hereby suspended: *Provided*, That if the President after receipt by him of a request from the Government of the Commonwealth of the Philippine Islands that the suspension of section 2470 (a) (2) be terminated, shall find that adequate supplies of copra, coconut oil, or both, the product of the Philippine Islands, are readily available for processing in the United States, he shall so proclaim; and thirty days after such proclamation, the suspension of section 2470 (a) (2) of the Internal Revenue Code, shall terminate.

SEC. 2. This Act shall become effective the day following its enactment, and shall terminate on June 30, 1944.

Approved, September 16, 1942.

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